

# Fostering Aspirations



Reforming the foster care system  
in England and Wales

Alice Harber and Matthew Oakley



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## About this Report

We interviewed over 20 foster carers in the course of our research, held a focus group with children in care, undertook a number of visits to local authorities and spoke to independent fostering providers as well as social workers, academics and many other practitioners. In addition, we sent out Freedom of Information requests to over 150 Local Authority fostering providers asking them to detail how many children were having to wait for foster placements that met their assessed need and for how long; that is, where children may be placed in a short-term placement but really need long-term fostering.

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# Foreword

Edward Timpson MP

Chairman, All Party Parliamentary Group on  
Adoption and Fostering

Three years ago, having fostered around 90 children over more than 30 years, my parents retired as foster carers.

The youngest of three, I was just six years old when the first foster children arrived at our home and it's fair to say I wasn't best pleased at the time in having to share my toys, my time, my television and, above all, my parents. In fact I barricaded myself in my bedroom and refused to come out until the foster children left.

Thankfully my early reticence soon gave way to an appreciation of how valuable fostering can be and the stability, routine and self confidence it invariably instils to varying degrees in extremely vulnerable and often deeply damaged children.

When asked about their time in care, most people remember it as a positive experience, often thanks to having a stable foster placement.

The bedrock of the care system, foster carers arguably devote themselves to the most important vocation in our society.

We know that foster children who experience stability in their foster home, coupled with good quality care, are far more likely to succeed educationally, to be in work, to form secure attachments and not repeat the mistakes of their parents.

Yet despite many foster carers' best efforts, the outcomes for children in care remain woeful. For instance, we know that children in care are seven times more likely to misuse drugs and alcohol than others, 50 times more likely to end up in prison, 60 times more likely to become homeless and 66 times more likely to have children of their own who will need public care.

And when it comes to education, last year just 460, or one in 14, care leavers went on to University.

To make matters worse, we are not attracting enough people to come forward to foster. Today we are short of around 10,000 foster carers. Clearly the system is not working as well as it should.

That is why, as Chair of the All Party Parliamentary Group for Fostering and Adoption and for Looked After Children and Care Leavers, I welcome this report.

I want to help raise the level of ambition that government and society more widely sets itself for improving outcomes for children in care, including the three quarters of them who are fostered.

This report does that by pinpointing parts of the system simply not working, identifying what barriers remain, and recommending how we should go about ensuring every child who is fostered gets the stable and supported foster placement they need.

Getting into the homes of dysfunctional families early before the rot sets in, providing consistent and durable support rather than putting up with a change of social worker, school or foster home every few weeks, welcoming with open arms people who want and are able to foster, valuing, supporting and listening to foster carers, and remembering always to have the child at the very heart of any decision made on their behalf.

That is what will help turn those statistics and, more importantly, their lives around.

Through no fault of their own, the early life experiences of children in care, often dominated by neglect and abuse, make them amongst the most vulnerable in our society.

In too many cases they lack and crave the stability, routine and love we all take for granted. We know fostering can provide just that. I know – I've witnessed it firsthand for 30 years. With fostering arguably higher on the political agenda and in the public's mind than ever before, this opportunity to make fostering the best it can be cannot afford to be missed.

Edward Timpson MP, Crewe and Nantwich

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# Executive Summary: A System in Need of Reform

This report puts forward recommendations for how the foster care system should be reformed. It argues that we must be realistic but ambitious about what the care system can offer. While it is extremely difficult to exactly replicate the support and care that a loving family brings, research published in May 2011 revealed the significant benefits that can flow from stable long-term foster placements. These included improvements in educational outcomes and establishing friendships. The author commented that ‘...the research demonstrates how a stable and supported foster placement can transform the life of a young person in the care system’. The goal of this report is to ensure that more children in need get the stable and supported foster placement that they need.

## A failing system

The system of foster care in England and Wales is letting down some of the most disadvantaged children in our society. This is despite England currently spending around £1.2 billion a year on fostering services. These children come into the care system from homes that, at best, cannot cope and, at worst, have been the source of physical, sexual and mental abuse. While it is clear that in almost every case, these children are better off in the care system than they would otherwise be, they are not being lifted to achieve everything that we should hope that they do.

- Evidence of these poor outcomes is easy to find;
- Around half of children in care have been diagnosed with a mental disorder;
- Educational outcomes are appalling, with only around a third of children in care achieving the expected Key Stage 2 level in English and Maths (compared to 74% in the general population of children);
- Twice as many 19 year olds who were previously in the care system are now not in education, employment or training (33%) than for the general 19 year old population (16%); and
- Over the longer-term, over a quarter of all adults serving custodial sentences previously spent time in care and almost half of all under 21 year olds in contact with the criminal justice system have spent time in care.

It is a tragedy that the 48,530 children currently in foster care in England are at risk of poor outcomes and life chances. But these statistics do not tell the whole story. While the majority of foster carers will do all they can to help the children in their care, this is not always the case. Children in care that we spoke to talked of instances where foster carers had not adequately fed or clothed them, who had taken their possessions, locked kitchen or bathroom doors or prevented them

from using things in the house that other children might take for granted, such as computers or washing machines. Such barriers ensure that the house could never be a safe and welcoming home, instead creating a feeling of isolation and alienation that can endure a lifetime. In some appalling, albeit limited, instances, children said that their carers had both physically and emotionally abused them.

The care system can also fail to stop sexual exploitation of the children within it. In fact, a recent report from the Child Exploitation and Online Protection Centre found that ‘...children and young people were generally in Local Authority care prior to experiencing exploitation’. It would be hard to think of a more damning indictment of a care system than one that makes a child more vulnerable to sexual exploitation.

It is, however, important to realise that children’s care journey’s are highly varied. While for some, their experience is marked by being shunted from carer to carer and the appalling experiences outlined above, others are matched well at the start and stay with a well suited family. But even where the foster care system does provide a safe and supportive family setting, this can often take substantial amounts of time. Policy Exchange submitted a freedom of information request to 150 Local Authorities (LA) and found a significant number had children waiting for a considerable length of time for a placement that met their assessed needs. Warwickshire County Council had a total of 43 such children. Other County Councils had over 20 children awaiting a suitable placement: Cornwall (26), Leeds (26), Oxford (20), Stoke on Trent (29) and West Sussex (38). Many of the LAs we heard from had children waiting for over a year for a placement that met their needs. Almost as disturbingly, many Local Authorities claimed that they did not record or hold this information, making it virtually impossible for them to make plans for their commissioning needs or for the public to hold them to account.

This lack of accountability is particularly important since, although private and third sector providers have started to play a greater role in the fostering system, LAs act as both purchaser and provider of fostering services. This leads to a conflict of interest and biases such that in-house LA provision is generally prioritised over externally commissioned provision, often on a basis of costs rather than what would meet the needs of the child. The DCSF itself agreed that, ‘It is common practice in some areas to place a child or young person with in-house provision first, as these services have to be used to capacity to keep them financially viable. In these cases, service structures and budgets are driving the decision, rather than assessment of need.’<sup>1</sup>

With the current shortage of foster carers in the system and lack of placement choice within LAs this has a key role to play both in increasing the time taken to find placements and in increasing the likelihood of placement breakdown. Indeed, placements stability can be directly affected by financial motives. For example, LAs may remove children from otherwise stable placements with independent fostering providers and place them with an in-house LA carer for cost saving reasons. It is clear that moving a child for cost reasons does not demonstrate having the children’s best interests at heart.

“Children in care that we spoke to talked of instances where foster carers had not adequately fed or clothed them, who had taken their possessions, locked kitchen or bathroom doors or prevented them from using things in the house that other children might take for granted”

<sup>1</sup> Our boldening. Cited in Sellick, Clive, ‘Commissioning Permanent Fostering Placements from External Providers: An Exploration of Current Policy and Practice’, *British Journal of Social Work*, 2010, pp. 1–18

It is also not just the children inside the foster care system who are unhappy. Evidence from in-depth telephone interviews that Policy Exchange undertook with 20 foster carers and wider evidence on the views of foster carers demonstrate a range of frustrations with the system. Chief among these was a lack of support from social workers. Indeed, such is the current pressure inside the foster care system, one report has suggested that some children are not being visited by social workers as required in the regulations. With less social worker contact, there has been an increase in the level and scope of care that foster carers are expected to provide and it could be argued that they are having to take on some of the social worker's remit.

Many of the problems that carers cite stem from having to take on children with more and more challenging needs, sometimes with no knowledge of the problems the child might present and sometimes in the knowledge that they were not fully able to cope with the child's needs. A recent study found that two thirds of fostering services (LAs and those in the private and third sectors) were having to ask foster carers to look after children outside of their approval status. The increasingly difficult nature of children coming into foster care is something many sources have highlighted. One LA we spoke to summarised that:

*Children now have more complex and challenging behaviour with fraught backgrounds. Once a month we get children who have seen their own parents kill themselves or each other, it used to be once in a career event to place a child like that, not anymore.*

These increased needs lead to higher costs and difficulties. Estimates of average social care costs for children ranging from £33,634 a year for children with no additional support needs to £109,178 for those with complex emotional or behavioural needs.

None of these factors is being helped by a dire shortage of foster carers in England and Wales. Some estimates put this shortage at as many as 10,000 families. With a lack of support from social workers, increasingly difficult children to care for and variable and inconsistent levels of financial support for carers, this situation is hardly surprising.

### Where reform should come

This report highlights many of the problems in the current system of foster care in England and Wales: there are too few foster carers in some regions; the standard of foster care is variable as is the accompanying social work support; the delivery of placements is hampered by poor planning and placement matching and LA bias for in-house carers; and carers and children inside the system are frustrated by the system. Thus, despite over a billion pounds of expenditure each year, the system of foster care is not delivering the outcomes we want for the children within it.

Recent government focus has been on the system of adoption in the UK. The government has appointed Martin Narey as an 'adoption tsar' and committed itself to increasing the numbers and speed of adoption placements. Undoubtedly, success in this would ease the pressure on the adoption system, but we must not forget that, for some looked after children, fostering will be the most suitable option. As these children are kept waiting for suitable placements, are passed

from carer to carer without consultation and are left with little support, it is of no comfort to them that the adoption system is becoming more effective. For this reason, attempts to tackle problems with adoption must be accompanied by a renewed focus on the foster care system.<sup>2</sup>

In this report, we identify a number of key areas where reform is needed:

- A critical shortage of foster carers. This reduces the choice of placements available, can lead both to inappropriate placements and, ultimately, to an increased likelihood of placement breakdown. There are many contributory factors to this shortage. For instance, foster carers are frustrated by poor communication from social workers and often feel marginalised and insufficiently supported. A lack of clarity of, and variation in, pay and retention packages for carers also makes recruitment harder than it should be. Getting more and better quality carers into the system and retaining them is essential: as part of this report, we will explore how to tackle this issue of carer recruitment and retention. We also consider the arguments around the professionalisation of foster care, including whether carers should be formally salaried and how tiered models of foster care could help the children most in need.
- Commissioning of placements. We have highlighted that while LAs seek to provide the bulk of foster care, they often have to make use of independent fostering providers (IFP). Commissioning of placements from IFPs is currently the preferred model of arranging non-LA foster care provision but, despite some innovation, it is delivering only mixed results at best. Commissioning has also highlighted the importance of all involved having an accurate understanding of the costs associated with foster care. One particular problem we have already highlighted is the conflict of interest and inherent bias that is introduced into the commissioning process when each Local Authority both commissions and provides fostering services. To address this issue, we examine if foster care provision could be delivered in a more consistent and better managed way; whether LAs should be deciding the placement choice in the first place; and whether outsourcing might deliver improved outcomes or simply replace the monopoly of LA provision with a monopoly of four or five big IFPs. Aside from this, the wider issue of accountability of LAs as corporate parents is vital. It is clear that LAs should be held accountable for the outcomes of children in their care but there is little by way of sanctions in place to ensure that they do – we will consider how this can be rectified.
- The support given to foster carers and the voice that young people in the care system have. At the heart of both of these issues is the social work system. We have already noted key gaps in this system and the support that social workers provide to foster carers. Some aspects of reform in this sphere are considered below, but more fundamental reform of the social work system will be considered in a later report.

## Summary of key recommendations

Clearly, no ‘silver bullet’ is going to fix the myriad of problems highlighted above. This report provides a vital start to much needed reform of the system. In the first instance, it reminds us that the care system can work well. Where placements are good, where the social work support is continuous, where the child is supported

<sup>2</sup> See our previous report, *No place like home*, on the adoption system: [http://www.policyexchange.org.uk/images/publications/pdfs/No\\_Place\\_Like\\_Home\\_-\\_Jan\\_\\_10.pdf](http://www.policyexchange.org.uk/images/publications/pdfs/No_Place_Like_Home_-_Jan__10.pdf)

and their needs are met and where decisions are based on need, not cost, the care system can provide brilliant results. We must have aspirations that our care system achieves these things for all of the children inside it.

England currently spends around £1.2 billion a year on fostering services, but the costs of the failures in terms of the outcomes it currently delivers are very much greater than this. This means that improving fostering might not reduce spending in the short-term. Indeed, in some parts of the system, more money might need to be spent. In some cases this can be offset by reductions in costs, in other places through better, more efficient delivery and greater use of the private and third sectors. In other cases, relatively small costs in the short-term should see much larger reductions in costs in the longer-term as we increase educational attainment and welfare of some of the most vulnerable children in society and, in doing so, increase their future life chances and reduce their future costs to the state.

To address some of the challenges of recruiting and retaining foster carers, this report recommends that:

1. England and Wales should provide professional foster care but should not formally designate foster care as a profession. Standard 1.4 of the National Minimum Standards should also be amended and the core role of foster carers should be made more explicit in these Standards.
2. All foster carers should be paid a year-round fee and should be placed on local fee frameworks. The fee should be based on the skills, qualifications and experience the carer has. These local fees frameworks should also provide additional amounts for each week that a carer has a child placed with them. This amount would depend on the needs and characteristics of the child and would be paid in addition to the current allowance.
3. A top tier of carers should be created comprising those most experienced and most highly trained who are willing and able to give up work and care for children with particularly complex and challenging emotional, behavioural or physical needs. These carers should be formally salaried.
4. Local fee frameworks must be openly published to ensure greater clarity over what carers receive in terms of allowances and fees and for transparency across the country. This should include details of the numbers of carers currently at each tier of the framework and details of the tiers at which shortages in the numbers of carers exist.
5. The concept of 'shared care' should be expanded to enable suitable foster carers to work alongside families in need, including with children at the edge of care.

These reforms would help to increase the number of foster carers, but on their own will not be enough. Other reforms are needed to tackle problems in the commissioning of foster care provision in England and Wales that currently falls foul of the conflict of interests and biases that will always be present in a system where Local Authorities act as both purchaser and provider of services. To reform the system and improve outcomes, attitudes need to be changed, more management and performance data collected and analysed and new systems put in place. This report recommends that:

6. **The commissioning of foster care should move towards operating on a level playing field.** This approach would encourage more providers into the market and would allow for greater choice for children right from the beginning of their time in care. By aiming for a 'level playing field' with anonymous bids for placements from both LA placement teams and approved independent providers at the same time, LAs would be forced to have a more realistic and better informed knowledge of their costs and prices as IFPs do. Placement options would be evaluated on the basis of suitability for meeting the needs of the child, not on the cost to the Local Authority. We recognise that this cannot happen overnight, so **the government must lay out a timescale and roadmap for how and when the commissioning of foster care will operate on a level playing field.** This should include assessing the training needs of commissioners within LAs.
7. **Splitting purchaser and provider functions of LAs.** For a level playing field to work we must separate the purchaser and provider functions of in-house provision. This would require the commissioning team to be institutionally separate from the LA placement team, either in a Chinese-walled environment, or in a completely separate commissioning body.
8. **The government should introduce a new statutory requirement for Local Authorities to maintain up-to-date information on children placed with them, including how long children are waiting for a placement that meets their assessed needs.** This should be published at regular intervals in order for the public to be able to hold LAs to account.
9. **The Secretary of State should take action where LAs are seen to be failing.** The government must make it clear that the Secretary of State is willing to take action against those LAs deemed to be underperforming in terms of the commissioning of suitable foster care placements. This might include requiring an LA to hand over its fostering services to another fostering provider (another LA or consortium of LAs), if it consistently had children waiting for long periods for a placement that met their needs or if placement breakdowns were increasing. It could also include the removal of the official in charge of fostering provision in the LA (being replaced by a government-appointed official), should that LA underperform in its provision.
10. **We support the expansion of pilots of Social Work Practices (SWPs) and believe that they offer an excellent solution to social work churn as well as protracted and hierarchical decision making.** Those newly piloted SWPs should be given the full support as set out in contracts with LAs especially in the provision of placement budgets. A future Policy Exchange report will consider the role of SWPs in social work more generally.
11. **The government should pilot the outsourcing of foster care provision in a number of LAs.** Establishing a 'level playing field' in foster care provides a good solution to the current problems. However, experience from other countries suggests that, if designed correctly, outsourcing can be an effective delivery mechanism for fostering services. This should be conducted through a pilot of outsourcing in a number of LAs, in conjunction with a well-established and consistently outstanding independent agency or range of agencies.

**12. Developing a payment by results model.** We believe that as part of the pilot of outsourcing of foster care provision, the government must work with experts, academics and those with international experience in the field to develop a payment by results model relevant to the foster care system. This should be used as part of the pilot. The pilot should also include a significant increase in data collection and analysis that is used to feed back into the payment by results model. A full evaluation strategy must also be implemented.

This report lays out recommendations vital to improving the appalling outcomes that the foster care system in England and Wales is delivering for some of the most vulnerable children in society. If implemented, they would increase the numbers of foster carers and improve the quality of care that they provide. By removing the distortions that currently result from LAs acting as both provider and purchaser of fostering support they would also open up the market and deliver more choice of placements. The recommendations would also ensure that LAs can be held to account over their performance in finding suitable fostering placements and allow the Secretary of State to take action where performance is inadequate.

The recommendations also provide a vital chance for the government to innovate and look to better ways of delivering foster care in the future. Running a pilot of the outsourcing of foster care and developing a payment by results model will be a step towards assessing whether these innovations might deliver better outcomes for children in care.

These recommendations should also be seen in the context Policy Exchange's previous report *No Place Like Home*, which highlighted some similar problems in the field of adoption and made recommendations for reform. Two future Policy Exchange reports will focus on children's journey into care and the placement choices that are made when children enter care, along with how the social work system might be reformed and improved.

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# 1

## A System Under Pressure

‘...bursting at the seams’<sup>3</sup>

This chapter outlines the nature of the current system of foster care in England and Wales. It draws on official statistics to describe the numbers of children in the system and how they came to be there. It also describes how the current system of foster care placement and management works in England and Wales.

### Increasing emphasis on foster care

Significant numbers of children are looked after by the state every day. Statistics from the Department for Education reveal that, as at 31 March 2011, there were 65,520 ‘looked after children’ in England, an increase of 2% from 2010. This represents approximately 0.6% of all children under the age of 17 in England. In Wales, 5,419 children were looked after, an increase of 5% over the previous year. The number of ‘looked after children’ in Wales has increased by 20% over the last five years.<sup>4</sup>

Generally speaking, there are three types of care for looked after children; adoption, a placement with a foster carer and a placement in residential care. Social workers, interacting with the family, are responsible for making the decision as to where the child would best be placed according to their assessed needs. These needs may include factors such as age and family circumstances and while the placement decision should be based on professional judgment, other factors including the availability of particular placements and whether the situation is deemed an emergency will affect where a child is placed.

This system has led to a situation where some 48,530 children, or 74%, of the ‘looked after children’ in England, are in a foster placement. This figure is up 4% from 2010 and 15% from 2007.<sup>5</sup> While 7,910 children are in some form of residential setting only 2,450 children were placed for adoption, representing a decrease of 2% from 2010 and a decrease of 10% from 2007.

A startling trend from these figures is the decline in rates of adoption. A number of reasons have been put forward as to why this has been occurring, including poor relations between local authorities and voluntary adoption agencies and a continuing emphasis on birth family reunification.<sup>6</sup> The Prime Minister and Martin Narey are two vocal advocates of the idea that the adoption system is failing and that significant reform is needed.<sup>7</sup>

The decline in adoption has had an impact on the foster care system. Children are tending to remain in foster care for longer and, for some, a foster placement becomes a permanent arrangement. We will argue later that this situation is not

<sup>3</sup> Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 1

<sup>4</sup> <http://media.education.gov.uk/assets/files/pdf/s/main%20text%20sfr212011.pdf>; <http://wales.gov.uk/docs/statistics/2011/110915sdr1662011en.pdf>

<sup>5</sup> Department for Education, *Children looked after in England (including adoption and care leavers) year ending 31 March 2011*

<sup>6</sup> See James Groves, *No Place Like Home*, Policy Exchange, January 2010

<sup>7</sup> <http://www.telegraph.co.uk/family/8859845/David-Cameron-this-country-must-become-more-pro-adoption.html>

adequately providing for the needs of some of the most disadvantaged children in our country and that, for this reason, the Coalition government's decision to appoint Martin Narey as the country's 'adoption tsar' is to be welcomed. It is a clear sign of its commitment to tackle this decline in adoption as a partial solution to greater numbers of children in care.

The figures also show that relatively few children are placed in a residential setting. Together with declining use of adoption, this means that the vast majority of children are placed with foster carers. Fostering is the most popular placement option not just because it is cheaper than residential care but also because of the belief that a family situation is best for children who need love, support and stability. The *Care Matters: Placement Working Group Report* made this case on the basis that

*Foster care gives children the opportunity of living in a family environment, and of experiencing positive role models. With the right support, it offers an effective means of meeting children's needs and at the same time recognises that these young people are likely one day to have their own families.*<sup>8</sup>

While this view is hard to argue against, it is also true that for some vulnerable children residential care will be the most appropriate form of care. This means that with residential care falling out of favour in England and Wales, children with more and more complex needs are being placed in foster care, whereas twenty years ago, they may have been placed in a residential setting.

All in all, relative declines in the use of adoption and residential care as options for placements have led to an increased reliance on the foster care system. As Helen Clarke has noted, the system is 'bursting at the seams'.<sup>9</sup> This is important, as for those children who are separated from their birth parents and families, being taken into care and arriving at either a care home or foster placement can be an extremely traumatic process as indeed can both journeying through and subsequently leaving the care system. This means that getting the choice of placement right is vital. Getting placement choice wrong only serves to increase the disruption, confusion, sense of rejection, hurt, anger and many other emotions that children are likely to experience as this happens around them. While some children are more resilient to the changes they face, others are not. They will live with the scars of separation for the rest of their lives, the emotional repercussions of which may only surface later in life. We will return to this vital question of placement choice and managing the transition into care in a later report.

This report focuses on the foster care system and how to improve the outcomes of the children who enter it. It argues that we must be realistic, but also ambitious, about what the care system can offer. While it is extremely difficult to exactly replicate the support and care that a loving family brings, research published in May 2011 revealed the significant benefits that can flow from stable long-term foster placements. These included improvements in educational outcomes and establishing friendships.<sup>10</sup> The author commented that '...the research demonstrates how a stable and supported foster placement can transform the life of a young person in the care system'.<sup>11</sup> The goal of this report is to ensure that more children in need of the system get the stable and supported foster placement that they need.

<sup>8</sup> *Care Matters: Placements Working Group Report*, Department for Education and Skills, 2007, p. 11

<sup>9</sup> Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 1

<sup>10</sup> Bob Broad, *Aspirations Three Years On: The views of young people who are fostered and their carers*, TACT and London South Bank University, 2011, p. 4

<sup>11</sup> Bob Broad, *Aspirations Three Years On: The views of young people who are fostered and their carers*, TACT and London South Bank University, 2011, p. 5

## Coming into care

Most children are taken into care after being made the subject of either a care order or an interim care order made under Section 31 and 38 of the Children Act 1989 respectively. In England 60% of all looked after children (39,330) were taken into care as the result of being made the subject of a care order. Around 21% of all looked after children in England (13,660) were taken into care as the result of an interim care order. As a care order can take over a year to be processed by the courts, a child may be placed under an interim care order while the family is assessed. Birth parents may agree to their child being removed when a care order or interim care order is issued, but this is not necessary for the child to be removed.

Other children will be brought into the care system under Section 20 of the Children Act 1989. This is a voluntary agreement accounting for 20,430, or 31%, of all looked after children in England.<sup>12</sup> In this instance the birth parents of a child agree to the Local Authority accommodating their child, perhaps because they cannot cope with their child's challenging behaviour. The high percentage of children placed under either a care order or interim care order gives our care population particular characteristics and reflects the fundamental underpinnings of our care system. In essence, England and Wales operate a 'child protection' system, as opposed to many continental countries which promote a 'family support' system. This means that, as we show later, children may be removed more readily and less use is made of shared care than in other countries.

## Characteristics of children in care

Children enter care at varying stages of life, for varying reasons and remain in care for differing lengths of time.

Recent figures from the Department for Education show 27,310 started to be looked after in England during the year ending 31 March 2011. This is a 3% fall in numbers compared to the previous year and is largely driven by steep reduction in the numbers of children aged 10 to 15. However, looking further back, we see that overall number of children starting to be looked after has increased by 11% since 2006. Excluding the 10 to 15 year old group, the number of children starting to be looked after rose by 28% over the last five years.<sup>13</sup>

Of those entering the care system:

- 5,330 children were aged under one, a similar figure to 2010 figure but an increase of 23% compared to the 2006 figure of 4,300;
- 5,670 children were aged one to four, an increase of only 1% compared to the 2010 figure but an increase of 32% compared to the 2006 figure of 4,300;
- 4,620 children were aged five to nine, an increase of only 1% compared to the 2010 figure, but an increase of 13% from the 2006 figure of 4,100;
- 8,350 children were aged 10 to 15, a decrease of 11% compared to the 2010 and a 15% decrease when compared to the 2006 figure of 9,800;
- 3,340 children were aged 16 or over, an increase of 3% compared to the 2010 figure and an increase of 59% compared to the 2006 figure of 2,100.

<sup>12</sup> Department for Education, Statistical Release, Children Looked After in England as of March 2010

<sup>13</sup> Department for Education, Statistical Release, Children Looked After in England as of March 2010; Department for Education, Statistical Release, Children Looked After in England as of March 2011

When considering all children currently being looked after we see that:

- 3,660 were under one year old;
- 12,020 were aged one to four;
- 11,830 were aged five to nine;
- 24,160 were aged 10–15; and
- 13,860 were aged 16 and over.

Data for Wales shows a similar position, of those children looked after at 31 March 2010:<sup>14</sup>

- 285 were under one year old – up from 220 in 2009;
- 1,030 were aged between one and four – up from 825 in 2009;
- 1,135 were aged between five and nine – up from 960 in 2009;
- 2,080 were aged between 10 and 15 – up from 1,975 in 2009; and
- 785 were aged between 16 and 17 – up from 710 in 2009.

There are a range of reasons why these children come into the care system. The primary reason for social services to get involved with children in England during 2011 was because of abuse or neglect. This accounted for 54% of children and this figure is 7 percentage points higher than in 2006.<sup>15</sup> There is a similar picture for Wales where 59% were taken in to care because of abuse or neglect.<sup>16</sup>

“Varying routes into care translate into varying levels of need. Some children have severe behavioural and emotional needs and display highly troubled behaviour including violence, arson and sexualised behaviour”

Of all children looked after in England during the year ending 31 March 2011, 40,410 were due to abuse and neglect; 8,930 due to family dysfunction; 5,880 due to the family being in acute stress; 4,050 due to absent parenting; 2,720 due to parent’s illness or disability; 2,150 due to child’s disability and 1,230 due to socially unacceptable behaviour.

These varying routes into care translate into varying levels of need. Some children have severe behavioural and emotional needs and display highly troubled behaviour including violence, arson and sexualised behaviour. Others have less complex needs but still need a loving, stable and accepting home.

These data underline the fact that children in care are far from a homogenous group. As a consequence, the duration of their time in care will also vary considerably. This is one of the hallmarks of the care system. Some children may only be fostered for 48 hours, some for a matter of weeks or days. For others, long-term care is the most appropriate placement and they may be fostered for years. As a result, foster care placements are extremely varied in terms of purpose and length. They include long-term, short-term, emergency, respite, custodial, placements for a parent and their child and intensive fostering such as Multidimensional Treatment Foster Care where highly trained carers are backed by clinical team to help a child who displays extremely complex and challenging needs.

Recent research also suggests that children are both tending to stay in care for longer and leave care at a later age. Children may be spending longer in care because of absent or ill-equipped parents or because of domestic abuse that

<sup>14</sup> <http://www.statswales.wales.gov.uk/TableViewer/tableView.aspx>

<sup>15</sup> Department for Education, Statistical Release, Children Looked After in England as of March 2010

<sup>16</sup> <http://www.statswales.wales.gov.uk/TableViewer/tableView.aspx>

means that a return home may never be possible. Whatever the causes, when coupled with the increasing reliance on foster care as the placement of choice that we outlined earlier, this puts considerable pressure on an already stretched system.

## The delivery of foster care

In reality, there is no 'one' system of care, rather there are many care systems based around Local Authorities (LAs). Practice varies widely, and certain regions have higher care populations than others, which brings with it particular pressures. What is clear is that the fostering landscape has changed considerably over recent decades.

As LAs have struggled to find placements for all the children that come into their care, they have turned to independent fostering agencies or providers (IFAs or IFPs). This has led to a much larger role for both voluntary agencies and those registered as private companies in the fostering system.

Voluntary agencies have long played a role in fostering, with well known names such as Barnardos and Action for Children providing their own carers who are commissioned by LAs as and when needed. The entry of for-profit agencies into the market was spurred by changes in the Care Standards Act of 2000 that permitted IFPs to recruit, assess and approve foster carers. This was something that was previously in the hands of LAs and voluntary, not for profit agencies only<sup>17</sup> and this change has opened up the market to for-profit agencies.<sup>18</sup> In recent years the number of independent fostering providers has grown as private equity firms have entered the market as backers of IFPs.

In 2006, 253 agencies were registered as IFPs in England. 33 were 'old' IFPs and of these, 28 had registered as voluntary, not for profit organisations. 220 were 'new' IFPs and of these, 206 were registered as private, for profit, organisations.<sup>19</sup> The Annual Ofsted Report of 2009/10 recorded that 150 LA providers and 287 IFPs were registered for inspection.<sup>20</sup> However, despite a large range of providers, a few large IFPs still hold a 'significant market share' – these include FCA, NFA, TACT and Barnardos.<sup>21</sup>

In terms of the proportion of children in need of a fostering placement placed with IFPs, of those children starting to be looked after in England during the year ending 31 March 2011, 4,010 were placed with IFPs and 13,810 with LAs. This means that while there has been a 47% increase in placements made with IFPs since 2006, LAs still place the majority of children in-house despite their own shortages.<sup>22</sup> Indeed, LAs control 80% of total fostering placements.

This maintenance of LA control can also be seen by the fact that, while the role of independent providers has grown, the provision of foster placements remains in the hands of the state. LAs commission foster placements from IFPs as and when necessary and parental responsibility (under a care order or interim care order) legally rests with the LA and is shared with birth parents unless and until a child is adopted. Parental responsibility, as defined by the Children Act of 1989, means 'all the rights, duties, powers, responsibilities and authority which by law a parent of a child has in relation to the child and his property'.<sup>23</sup> The Act further states that,

*A person who has parental responsibility for a child may not surrender or transfer any part of that responsibility to another but may arrange for some or all of it to be met by one or more persons acting on his behalf.*<sup>24</sup>

17 Sellick, Clive, 'Towards a mixed economy of foster care provision', *Social Work & Social Sciences Review*, 13 (1) 2007, pp. 25–40, p. 32

18 Sellick, Clive, 'Towards a mixed economy of foster care provision', *Social Work & Social Sciences Review*, 13 (1) 2007, pp. 25–40, p. 2

19 Sellick, Clive, (2007) [http://www.ncb.org.uk/ncercrcc/documents/care\\_health\\_conf3\\_july07\\_clivesellick.ppt](http://www.ncb.org.uk/ncercrcc/documents/care_health_conf3_july07_clivesellick.ppt)

20 Ofsted Annual Report 2009–2010, p. 106, available at <http://www.ofsted.gov.uk/Ofsted-home/Publications-and-research/Browse-all-by/Annual-Report/2009-10/The-Annual-Report-of-Her-Majesty-s-Chief-Inspector-of-Education-Children-s-Services-and-Skills-2009-10>

21 DfES Children's Services, Children's Homes and Fostering, PwC, 2006, p. 26

22 Department for Education, Statistical Release, Children Looked After in England as of March 2010; Department for Education, Statistical Release, Children Looked After in England as of March 2011

23 The Children Act 1989, Chapter 41

24 The Children Act 1989, Chapter 41, Part 1, 1(9)

This means that foster carers do not share parental responsibility with the LA. Instead, the LA or an independent agency arranges what aspects of parental responsibility are to be met by the foster carer.

### From spot-purchasing to commissioning

While LAs have retained control and have the largest share of foster placements, the relationship between LAs and independent fostering agencies has evolved over the last few years. This is most easily seen in the move away from unplanned, or 'spot purchasing', and towards commissioning in many LAs.

The use of spot-purchasing stemmed from the shortage of carers available to LAs that meant that LAs found themselves having to purchase individual placements from IFPs. This practice has been extensively criticised because of its cost and the uncertainties it creates for both the LA and the IFP. The use of spot-purchasing has also undermined trust between LAs and IFPs. LAs have often regarded IFPs as an expensive option and, with incentives to prioritise the cheapest possible foster placements (usually assumed to be in-house), it is unsurprising under this system that in-house placements have been the norm.

We outline later that this perception of higher IFP costs is often a result of spot-purchasing and this has spurred a move to a more coordinated and planned approach to purchasing placement provision from IFPs. Indeed, by 2008, all LAs were required to have "arrangements in place to ensure planning, co-ordination and delivery of children's services, including fostering placement from 'non-statutory sources' in order to improve outcomes for children's education, health, care and welfare."<sup>25</sup> This has led to a commissioning approach where LAs put out a tender for services. Those IFPs successful in their bids are then put on a list of approved providers. Benefits of this approach include better forward planning for the match between needs and services and agreements on price reductions in return for a specified number or volume of placements or services.<sup>26</sup> Commissioning itself takes a number of forms across England and Wales including clusters of LAs coming together on a regional, specific, or specialist basis depending on local need.<sup>27</sup>

### Scrutiny of foster care

As befitting its importance for children, foster care is not free from scrutiny. Fostering services are inspected by Ofsted every three years, although there are current plans to lengthen the time between inspections for those services judged to be 'outstanding'. Monitoring, both of services and of individual placements, is fundamental to securing better outcomes. Social workers should know and act if foster carers are failing to provide a safe, loving and aspirational home; equally, if a fostering service is performing inadequately it must be held to account by Ofsted and appropriate sanctions should be considered for repeated failures.

25 Sellick, Clive, 'Opportunities and Risks: Models of Good Practice in Commissioning Foster-Care', *British Journal of Social Work* (2006) 36, 1345–1359, p. 1347

26 Sellick, Clive, 'Opportunities and Risks: Models of Good Practice in Commissioning Foster-Care', *British Journal of Social Work* (2006) 36, 1345–1359, p. 1356

27 Sellick, Clive, 'Relational Contracting Between Local Authorities and Independent Fostering Providers: Lessons in Conducting Business for Child Welfare Managers', *Journal of Social Welfare and Family Law*, (2006) 28:2, 109 – 122, p.112

# 2

## Failures in the Current System

The previous chapter provided a basic outline of the nature of the current system of foster care in England and Wales. Before moving on to discuss the areas in which we believe reform is needed, this chapter outlines the performance of the foster care system, in terms of both its cost and the outcomes it provides for the children and adults involved with it.

### Costs and increasing carer pressure

Spending on fostering services in England has risen in recent years. The table below shows that real gross expenditure increased from £881m for 2004–2005 to £1253m for 2009–2010. In Wales expenditure stood at £88.5m in 2008, having increased from £70.3m in 2006.<sup>28</sup> The average cost of children in a foster care placement in England was £498 per week in 2007–2008.<sup>29</sup> Per child costs however conceal the wide disparity between certain children. Recent research has shown that while average social care costs for children with no evidence of additional support needs were £33,634 per year, for those with complex emotional or behavioural needs, average costs rose to £109,178, over three times as high.<sup>30</sup>

**Table 1: Gross yearly expenditure on children looked after, England 2000/01 to 2009/10<sup>31</sup>**

Year	Children's homes	Fostering Services	Cost per looked after child (yearly)
2000/01	£694.7m	£550.6m	£22,343
2001/02	£716.7m	£621.1m	£23,908
2002/03	£788.5m	£696.3m	£25,783
2003/04	£855.7m	£801.5m	£28,844
2004/05	£923.8m	£881.2m	£31,684
2005/06	£943.1m	£963.4m	£34,077
2006/07	£930.6m	£1,049.6m	£35,432
2007/08	£906.2m	£1,111.1m	£36,769
2008/09	£935.0m	£1,130.5m	£37,154
2009/10	£969.4m	£1,253.1m	£37,669

28 [http://www.assemblywales.org/cyp\\_3\\_awe\\_03\\_-\\_looked\\_after\\_children\\_inwales\\_09-29.pdf](http://www.assemblywales.org/cyp_3_awe_03_-_looked_after_children_inwales_09-29.pdf)

29 Personal Social Services Expenditure and Unit Costs; England, 2007–2008 [http://www.ic.nhs.uk/webfiles/publications/PSSEX10708/Personal%20Social%20Services%20Expenditure%20and%20Units%20Cost%2C%20England%202007-08\\_1.1.pdf](http://www.ic.nhs.uk/webfiles/publications/PSSEX10708/Personal%20Social%20Services%20Expenditure%20and%20Units%20Cost%2C%20England%202007-08_1.1.pdf) p.18

30 Holmes, L., Westlake, D. and Ward, H. (2008) *Calculating and Comparing the Costs of Multidimensional Treatment Foster Care, England (MTFCE): Report to the Department for Children, Schools and Families*. Loughborough: Centre for Child and Family Research, Loughborough University; <http://www.lboro.ac.uk/research/ccfr/Research/Exploring%20costs%20and%20outcomes/Microsoft%20Word%20-%20MTFCE%20COSTS%20FINAL%20January%202009.pdf> p.16

31 Children in Care in England: Statistics; House of Commons Library Note, May 2011

These cost differentials for children with more complex needs are behind the observation that, despite increased spending, the foster care system is ‘bursting at the seams’.<sup>32</sup> Recent research has clearly shown that children are coming into care with greater needs and more challenging behaviour than has previously been the case. This might well include drug, alcohol and sexual abuse, neglect and domestic violence.<sup>33</sup> As one urban Local Authority explained in a previous report:

*Children now have more complex and challenging behaviour with fraught backgrounds. Once a month we get children who have seen their own parents kill themselves or each other, it used to be once in a career event to place a child like that, not anymore.*<sup>34</sup>

These two factors combined, more children and more complex needs, have led to sustained high pressure on the foster care system and foster carers. One of the key problems has been that, as social work teams have had to handle more children and more complex issues, some children and carers have had less contact than they should. One report has suggested that some children are not being visited as required in the regulations because of the pressures on social workers.<sup>35</sup> This all means that with less social worker contact, there has been an increase in the level and scope of care that foster carers are expected to provide. Indeed, it could be argued that they are having to take on some of the remit of the social worker and this is even before cuts to social work budgets have kicked in.

This was confirmed during one of our interviews with foster carers. She explained that, while working as a foster carer, she had also decided to study for a degree in social work. She had opted to do this both because her own social work support was inadequate and because the range of work being asked of her required additional skills. A recent report has confirmed this in a more general context, explaining that ‘...foster carers are increasingly required to undertake fostering as a full-time profession. They are expected to take on a range of duties such as attending court and case meetings, and have to be skilled in many areas such as child development and education.’<sup>36</sup>

In short, we are asking more of the carers inside an already stretched system and these pressures are being further exacerbated by a shortfall in available carers.

### Not enough foster carers

Calculating the precise number of individual foster carers in England and Wales is a difficult task. At any time, some may be in the process of being approved, some may be temporarily unable to foster because of a change in circumstance, some may be in the process of finishing fostering and some may be suspended pending an investigation into an allegation.

As a best estimate, figures for 2009 recorded the number of foster care households as 39,679 in England and 3,046 in Wales.<sup>37</sup> The typical foster family is a married couple living in a house with three or more bedrooms and the female tends to be the foster carer. Carers tend to be aged in their forties and fifties and only a small proportion have qualifications at A Level. Between 30 and 40% have no educational qualifications. While this description is typical, there are a range of different people acting as carers. Indeed, around 30% of carers are single.

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32 Helen Clarke, *Bursting at the seams*, The Fostering Network, 2010

33 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 6

34 Price Waterhouse Coopers, Children's Services, *Children's Homes and Fostering, Report for the Department for Education and Skills*, 2006, p. 21

35 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 2

36 Cited in The Centre for Social Justice, *Couldn't Care Less*, 2008, p. 72

37 Holmes and Soper, *Update to the Cost of Foster Care*, The Fostering Network, 2010, p. 16

One easy thing to assess about the number and type of foster carers is that there is a growing shortage in some regions. Various reports have put the shortage at between 8,000 and 10,000 carers.<sup>38</sup>

The result of this shortfall is directly seen in the limited placement choice available to those trying to place children coming into care. In many cases, no choice at all is available.<sup>39</sup> With no spare beds in an area, children can be moved out of the LA in order to find an available placement. Our research uncovered one instance where children from the London Borough of Hillingdon were being placed as far away as Cornwall. This can have a negative impact on the child's education in particular.<sup>40</sup> According to Department for Education statistics, as at March 2011, 34% of all children fostered in England were placed outside of council boundaries.<sup>41</sup>

Shortages of placements also mean that some children have to wait for a placement that meets their assessed need, meaning that a child may have to be placed with a short-term carer when they really need a long-term placement. Policy Exchange sent Freedom of Information (FOI) requests to over 150 Local Authorities with responsibilities for fostering to establish how many children were having to wait, for how long and in what context they were placed while they waited, as at 31 March 2010. The full FOI request can be found at Annex 1.

The responses were illuminating on two fronts. First, they revealed the extent of the shortage of placements and second, they also highlighted the marked inconsistency between LAs in data management.

The first worrying statistic is the number of children waiting. Of those councils who were able to answer our request Warwickshire County Council had the most children waiting, with a total of 43 children waiting for a placement that met their assessed needs. Other County Councils had over 20 children awaiting a suitable placement: Cornwall (26), Leeds (26), Oxford (20), Stoke on Trent (29) and West Sussex (38).

When asked about the number of children waiting for a placement lasting over two years we found that a number of Councils had children waiting for a considerable time:

- Slough Borough Council reported particular delays with one child having waited two years and two children having waited a year;
- Warwickshire had two children who had been waiting for over a year;
- Monmouthshire County Council detailed five children awaiting a long-term placement, with waiting periods of up to 14 months; and
- Stoke on Trent City Council had six children waiting 52 weeks or more for a long-term placement.

There were not just problems with those waiting for long-term placements. Stockport Council recorded two children waiting 10 months for a short-term placement. Likewise for Stoke on Trent City Council, two children were waiting 23

“With no spare beds in an area, children can be moved out of the LA in order to find an available placement. Our research uncovered one instance where children from London were being placed as far away as Cornwall”

38 See the House of Commons 2008–2009 Select Committee Report on Children in Care and <http://www.tactcare.org.uk/news.php?type=4&id=239>

39 Sellick, Clive, 'Towards a mixed economy of foster care provision', *Social Work & Social Sciences Review*, 13 (1) 2007, pp. 25–40

40 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 6

41 Department for Education, Statistical Release, Children Looked After in England as of March 2011

weeks and three children waiting more than 52 weeks for short-term placement. All of these responses underline the real problems that are being caused by a lack of available foster carers.

Aside from these figures, the issue of data management looms large. Some authorities had easy access to this information and were able to supply the data quickly and in great detail – but these were few in number. Numerous authorities, stated that they would need to manually search through paper files of each child to establish the data and as such were not able to provide the information requested. An example of this sort of response came from two authorities that estimated it would cost over £33,000 to collate all the information. Somerset County Council stated that:

*...since the information you seek is not recorded by Somerset County Council in the format you have requested it, and given the number of Children Looked After involved (451 in total), and the fact that each individual case file would have to be manually trawled to compile it, it has been estimated that this would take some 1353 hours and cost £33,825.*

Sunderland County Council even stated that ‘We do not record whether or not a child is ‘waiting’ for a foster placement for their assessed need’, nor did they record if a child was waiting to come out of residential care into a foster placement.

This is a far cry from the vision of an information system complete with ‘Information Hubs’ outlined in the Every Child Matters Green paper of 2003 and legislated for in Section 12 of the Children Act 2004. With such inefficiency and inconsistency across the country in data management it begs the question as to how LAs are planning ahead without ready access to this information and just what standard of information is shaping their commissioning strategy. Of course, this also begs the question of how LAs can be held to account if this information about their performance in this vital area is not open to public scrutiny.

## Quality of care

As well as a shortage of carers, the quality of foster carers is also variable. The majority are extremely supportive of the children placed with them, they care, they nurture, they love and fight hard to get the services that the children need.

However, those foster carers and children in care who spoke to us explained that they knew of carers primarily motivated by financial gain, who saw fostering primarily as a supplement to their welfare income. They also spoke of carers who saw their role simply as ‘babysitting’ for the council with no real engagement or aspirations for the children they are caring for. Children in care also mentioned instances of foster carers who did not adequately feed or clothe them, who took their possessions, who locked kitchen or bathroom doors or prevented them from using things in the house that other children might take for granted, such as computers or washing machines. In some appalling, albeit limited, instances, children said that their carers had both physically and emotionally abused them.

These terrible reports point to two conclusions. First that good, timely social work is essential in order to identify those carers that do not fulfil all that should be required of them and to prevent them either becoming foster carers or continuing to foster once appointed. Children in unsatisfactory placements

must have an opportunity to raise their concerns and unhappiness with someone outside of the foster carer's home, a point that we return to later. The second is that while finding ways to recruit more foster carers should be a priority for the government, it must ensure that quality goes hand in hand with quantity.

## Placement breakdown

The problem of shortages in foster care is further complicated by the fact that some carers are more suited to deal with certain needs that particular children may have. A successful foster placement is not just about finding any foster placement – but about finding the right foster placement. That means that lack of placement choice can have severe consequences for the quality of care and ultimately outcomes for the children in foster care.

Research by the Fostering Network revealed that 'over half (58%) of LAs have found it even more difficult than usual to find the right homes for children'. The same research showed that this is having a considerable impact on carers and children as two thirds of fostering services (LAs and IFPs) were having to ask foster carers to look after children outside of their approval status.<sup>42</sup> Indeed, another Fostering Network survey found that 'in the past three years nearly 40% of foster carers had looked after a child who was out of their approval range'.<sup>43</sup>

It is not just LAs facing difficulties over placement pressure. Independent fostering providers have experienced higher referral rates in recent years and research suggests that they have been finding it increasingly difficult to offer children foster carers who entirely meet their needs.<sup>44</sup> Foster carers are also being asked to take more challenging children for their first placements than they might previously have been asked to.<sup>45</sup>

A particular problem is in finding placements for those considered 'harder to place', such as children with particularly complex needs, sibling groups and teenagers. These children may miss out on the most ideal placements (as priority goes to younger children who are traditionally easier to place). Those that require long-term foster care may also suffer a similar fate.<sup>46</sup> This has meant that these children may have to be placed with carers unable to properly care for them or may simply have to wait for a placement to become available.

Placements are also substantially affected by financial motives. For example, LAs may remove children from otherwise stable placements with independent fostering providers and place them with an in-house LA carer for cost saving reasons. Moving a child for cost reasons does not demonstrate having the children's best interests at heart. Professor Bob Broad, researching outcomes for those children fostered through the independent fostering provider The Adolescent and Children's Trust (TACT) stated that, 'it is vital that these emergency placements, once settled, are not then further disadvantaged by their placement in TACT being unnecessarily disrupted by local authorities wanting the young person to return to Local Authority foster care due to financial reasons.'<sup>47</sup>

A key problem with the rise in placement pressure is that, whether the cause is an a shortage of foster carers, poor placement matching, cost considerations, inadequate support for the placement or placing a child with a carer who does not have the required skills to meet the child's needs, it is likely to contribute to placement breakdown.

42 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 3

43 Helen Clarke, *Getting the support they need*, The Fostering Network, 2009, p. 7

44 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 4

45 Ibid, p. 5

46 Ibid, pp. 2–6

47 Bob Broad, *Aspirations Three Years On: The views of young people who are fostered and their carers*, TACT and London South Bank University, (2011) p. 31

The data show that 66.9% of those children being looked after children at March 2011 had one placement during the year. While this level has been increased over the last five years, it still leaves around a third of looked after children experiencing placement breakdown and instability. Indeed, 10.7% of children had three or more placements during 2011. While this has reduced from 12.9% in 2006, the average disguises the great variation across the country with some local authorities nearing 20% of children with three or more placements, while others are closer to 5%. This highlights the inconsistency of care provision as well as the extent to which a child's experience in care can be governed as much by luck as anything else.<sup>48</sup>

The situation is effectively summarised by the House of Commons Children, Schools and Families Select Committee on Looked After Children, who noted that '...it was clear from talking to young people with experience of the care system that disruption, uncertainty and instability were constant features of their time in care.'<sup>49</sup>

This situation can result in serious damage to children's life chances. Placement stability has been shown to be a crucial part of a child's care journey and placement breakdown and instability have been shown to be directly linked to poor outcomes for children in care.<sup>50</sup> One study found that 'the prevalence of childhood mental disorders tended to decrease with the length of time in their current placement... The overall rate fell from 49% of those in their current placement for less than a year to 31% of children in their current placement for at least five years.'<sup>51</sup> Research has also shown that problems escalate the more placement moves and breakdowns the child experiences.

Other recently published research on child sexual exploitation also identified placement instability as a potential contributory factor. It stated that:

...the breakdown of care placements exacerbates feelings of insecurity and the inability to form close relationships. Peers in the care system may share the stigma of institutionalisation and the feeling of dislocation from mainstream society... In many regions in England, up to half of women involved in sex work had spent time in the care system as a child. This may be a result of young people leaving care without the necessary skills to live independently.<sup>52</sup>

As well as being damaging to the children involved, placement breakdown is also costly as social workers have to spend considerable time trying to rearrange alternative placements for a child. As an example, a recent Demos report showed that Child A's stable care journey (long-term, stable placements with supported transitions) costs considerably less (£352,053 over 14 years) than Child B's unstable journey (disruption in placements through placement breakdown, many placement moves) which stood at £393,579 over seven years.<sup>53</sup> This is very clear evidence for the cost savings that flow from good planning for a child entering care where the placements are well matched and well supported. The difference in costs is caused by a number of factors including a delayed entry to care for Child B with the likely implications of more troubled behaviour and a higher level of need potentially leading to more instability. Costs also mount as social workers spend more time repeatedly trying to place children whose placements have broken.

There are also longer-term costs. By sketching the potential outcomes of the two care journeys up to the age of 30 (while noting that causality cannot be proven) with Child A leaving care at 18 with educational qualifications and following a

48 <http://www.education.gov.uk/researchandstatistics/datasets/a00196857/children-looked-after-by-las-in-england>

49 House of Commons, Children, Schools and Families Select Committee Report on Looked After Children, 2008–2009, p. 40

50 Helen Clarke, *Bursting At the Seams*, The Fostering Network, 2010, p. 7

51 Cited in Jane Akister, Matt Owens and Ian M Goodyer, 'Leaving care and mental health: outcomes for children in out-of-home care during the transition to adulthood', Health Research Policy and Systems; available at <http://ukpmc.ac.uk/abstract/MED/20462410/reload=0;jsessionid=E30FC5EE1DD4820335D03674EAADB87A.jvm1>

52 Child Exploitation & Online Protection Centre, 'Out of Mind, Out of Sight', 2011. p. 18

53 Hannan, Wood, Bazalgette, *In Loco Parentis*, Demos, 2010, p. 21

stable placement, going to university and then being employed with an average starting salary, and Child B leaving care at 16 ½ with mental health problems and no qualifications, the estimated costs to the state were calculated as follows:

- Child A may cost the state £20,119
- Child B may cost the state £111,923.<sup>54</sup>

Getting the care journey right and, in particular, ensuring placement suitability and stability is essential, not just for the well being of the child but also because of the spiralling costs and diminished life chances associated with a poor journey.

## Carer dissatisfaction

Overall, a shortage in the overall number of potential foster carers and a narrowing in the diversity of foster carers has led to a system that does not provide all it should for children in care. Why, then, are more carers not available?

One key factor contributing to the likelihood of a fostering system with enough high quality carers will be that carers themselves are satisfied with the system and feel they have the support they need to provide high quality placements for children. However, carers seem far from a contented group. A poll of foster carers by the Centre for Social Justice in 2008 found that 38% of foster carers were ‘dissatisfied with their Local Authority’s provision of service.’ They cited a number of aspects including: inadequate autonomy and status; increased experience of conflict and stress; inadequate support from social workers and the LA; complex and challenging needs of children; and dissatisfaction with payment level.<sup>55</sup> These are recurring themes, which directly impact upon the level of care that children receive as well as the long-term recruitment and retention of carers. In the same survey, only 34% of foster carers were satisfied with the quality of help and support they received from councils. Only 27% felt that councils were ever held to account for their actions.<sup>56</sup>

As well as being frustrating for carers and contributing to the lack of suitable carers, this lack of support is also damaging the children in care. A recent report has highlighted that a lack of support was a key driver of the incidence of placement breakdowns.<sup>57</sup>

Some of these concerns and frustrations were echoed by foster carers in the course of telephone interviews with Policy Exchange. Chief among these was a lack of support from social workers, evidenced for instance by social workers not returning phone calls, not being available when necessary, not keeping appointments and not completing placement agreements on time or with all the necessary information. One carer explained that social workers are often young and inexperienced with little understanding of actual parenting and that this could, understandably, lead to tension.

Carers also felt that social workers were under such pressure simply to find a home to place a child that the needs of the child were downplayed, placements were poorly matched and then, because of a lack of necessary support, often broke down leading to unhappiness and distress for the child and frustration for the carer. The carers we spoke to did however draw a distinction between social workers from the local authorities and those from independent agencies seeing the latter favourably especially in terms of time given to the carer and the placement itself.

<sup>54</sup> Hannan, Wood, Bazalgette, *In Loco Parentis*, Demos, 2010, p. 23

<sup>55</sup> Cited in The Centre for Social Justice, *Couldn’t Care Less*, 2008, p. 67

<sup>56</sup> The Centre for Social Justice, *Couldn’t Care Less*, 2008, p. 71

<sup>57</sup> House of Commons, Children, Schools and Families Select Committee Report on Looked After Children, 2008–2009, p. 41

There was a repeated issue of carers not being made to feel a part of the team. For instance, carers complained that they were not invited to meetings which concerned the child placed with them; shown documents such as court orders; and consulted over decisions about the child placed with them. The phrase that cropped up, time and again, was that of being seen as ‘just a foster carer’. Most of the carers we spoke to also raised considerable concerns about the lack of protection for them in the face of allegations.

One of the most interesting revelations was the difference between carers who had been caring for children for a number of years and those who were relatively new to fostering. The more experienced carers knew the system well, they knew who and how to ask for and how to fight for certain things both for themselves and the children placed with them. They were used to how the system worked and, with a slightly world-weary attitude, knew what to expect of the fostering provider. Newer carers however seemed far more exasperated by the situation that they found themselves in, they seemed very unsure of why things were done in a particular way and felt that they were far more likely to be taken advantage of by social workers.

This level of dissatisfaction, particularly from newer carers, is a real barrier to recruitment and retention of foster carers and this adds considerable pressure to the system as a whole and to those carers who remain in the system.

### Voice of the child

It is not only foster carers who feel that the system does not give them the say and the support that they need. Children in foster care also share these feelings. A key concern is that while children in care are supposed to have a say in the placements they are moving to, this is very rarely the case. None of the children in care we heard from had had any say in their placement moves. One commented that: ‘...all the decisions about my life are taken by other people – I never get a say’. Section 53 of the Children Act 2004 placed a duty on fostering providers to ascertain the children’s wishes over their time in care. The Act states:

*(4A) Before determining what (if any) services to provide for a particular child in need in the exercise of functions conferred on them by this section, a Local Authority shall, so far as is reasonably practicable and consistent with the child’s welfare –*

*(a) ascertain the child’s wishes and feelings regarding the provision of those services; and*

*(b) give due consideration (having regard to his age and understanding) to such wishes and feelings of the child as they have been able to ascertain.<sup>58</sup>*

However, statistics from the latest Children in Care Monitor, shown in the table below, reveal that only 23% of children are always asked for their opinions on things that matter. When asked whether these opinions made a difference, the results were worse, with over two thirds saying that their opinions did not usually, or never, made a difference. On the crucial question of how often children are told about major changes planned for their lives, only 35% said that they were always told.<sup>59</sup>

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<sup>58</sup> Children Act 2004, Section 53,  
[http://www.legislation.gov.uk/  
ukpga/2004/31/contents](http://www.legislation.gov.uk/ukpga/2004/31/contents)

<sup>59</sup> Ofsted, Children in Care  
Monitor, 2010, p. 21

**Table 2: How often children are asked for their opinions on things that matter**

	Whether asked for opinion on things that matter (%)	Whether opinions made a difference (%)	Whether told about major changes planned for their lives (%)
Always	23	19	35
Usually	30	32	33
Sometimes	32	11	23
Not usually	11	34	6
Never	4	4	3

This lack of a voice for the children and poor communication can only add to the difficulties for children coming into care, especially if they are older and struggling to adapt to a new placement. While there are a number of advocacy organisations trying to ensure that children in care are heard, it is clear that significant changes will be needed if LAs are to fulfil the duty placed upon them in this crucial area.

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# 3

## Scarred for Life

‘The long-term outcomes of children in care are devastating.’<sup>60</sup>

The previous chapter outlined some of the key failings of the current system of foster care, as highlighted by previous research and our own discussions with foster carers and children in foster care. This chapter outlines some of the terrible outcomes in later life that flow from these failings.

It would be disingenuous to condemn the whole system. There are undoubtedly success stories where the care system has provided a welcoming home and allowed children in dire need to fulfil their potential. But overall, the outcomes for looked after children are not good.

The Every Child Matters framework adopted in 2003 outlined five outcomes for all children – be healthy, stay safe, enjoy and achieve, make a positive contribution and achieve economic

well-being. It is clear that looked after children are, in too many cases, a long way from realising these goals as compared to other children.

There is an argument that, for children in care, outcomes should be achievable and measured in terms of ‘distance travelled’ such as more school attended or less abusive behaviour. This would mean that, for instance, a benchmark of five GCSEs from A\*–C may not be an adequate reflection of outcome achievement for many of the children in care. However, it is a useful indicator of the scale of the challenge. We should also hold high aspirations of what the system of care should achieve. All foster carers and social workers must have high expectations and aspirations for the children in their care.

We should have a care system that provides an opportunity for improvement and achievement for all the children within it. However, the figures reveal that this is not presently the case. Despite being better off in care than being left with potentially abusive or neglectful parents, even when set against a comparable group, the outcomes for looked after children are poor.<sup>61</sup>

Children in care are four to five times more likely to struggle with mental health issues than their peers. A 2008 report recorded that 37% of 5 to 17 year olds in care had conduct disorders, 12% had emotional disorders and 7% were diagnosed with hyperkinetic disorders. A 2002 report commissioned by the Office for National Statistics on behalf of the Department of Health reported that ‘approximately half (45%) of children in care, and almost three quarters (72%) of those in residential care, were clinically diagnosed with a mental disorder.’<sup>62</sup>

“Children in care are four to five times more likely to struggle with mental health issues than their peers. A 2008 report recorded that 37% of 5 to 17 year olds in care had conduct disorders”

60 Care Matters: Transforming the Lives of Children and Young People in Care Green Paper, 2006; <https://www.education.gov.uk/publications/eOrderingDownload/Care-Matters%20Green%20Paper.pdf>

61 House of Commons, Children, Schools and Families Select Committee Report on Looked After Children, 2008–2009, p. 25; cf Care Matters: Transforming the Lives of Children and Young People in Care green paper para 1.14

62 Jane Akister, Matt Owens and Ian M Goodyer, ‘Leaving care and mental health: outcomes for children in out-of-home care during the transition to adulthood’, *Health Research Policy and Systems*; available at <http://ukpmc.ac.uk/abstract/MED/20462410/reload=0;jsessionid=E30FC5EE1DD4820335D03674EAADB87A.jvm1>

In terms of educational outcomes, Department for Education statistics reveal that of those children continually looked after for at least six months:

- 65% achieved the expected level in reading and 71% achieved the expected level in mathematics at Key Stage 1, compared to 85% and 90% respectively for the child population;
- 52% achieved the expected level in mathematics and 53% achieved the expected level in English in Key Stage 2 tests, compared to 80% and 81% respectively for the child population;
- 43% achieved the expected level in both mathematics and English in Key Stage 2 tests, compared to 74% for the child population;
- 13% achieved 5 or more GCSEs, or the equivalent, including English and mathematics at grades A\*–C, compared to 58% of the child population; and
- In Wales, only 10% of children in care achieved 5 GCSE’s A\*–C.<sup>63</sup>

63 <http://wales.gov.uk/docs/statistics/2011/110915sdr1662011en.pdf>, Department for Education: Outcomes for Children Looked After as at 31 March 2011

64 Cited in The Centre for Social Justice, *Couldn’t Care Less*, p. 5; original source: House of Commons Library (2007) ‘Children and Young Persons Bill’, *Research Paper 08/44*, available at <http://www.parliament.uk/commons/lib/research/rp2008/rp08-044.pdf>

Moreover, DCSF research from 2007 showed that only 6% of care leavers enter higher education.<sup>64</sup> While these are far from encouraging results, more worrying is that the attainment gap which exists between looked after children and all children has remained relatively stable between 2006 and 2010. The general child population might be achieving better overall results, but the care system is simply not enabling those looked after children to close the gap.

**Table 3: GCSE attainment for all children and looked after children**

Year	A*–C GCSE’s in English and Mathematics			5+ A*–C GCSEs including English and Mathematics			5+ A*–C		
	Children looked after**	All children	Attainment gap	Children looked after**	All children	Attainment gap	Children looked after**	All children	Attainment gap
2007	9.5	46.7	37.2	8.7	45.6	36.9	16.5	60.5	44.0
2008	10.3	47.4	37.1	9.6	46.7	37.1	18.4	64.1	45.7
2009	11.0	49.6	38.6	10.4	49.0	38.6	22.5	69.0	46.5
2010	12.7	53.5	40.8	12.0	52.9	40.9	26.7	74.6	47.9
2011	13.9	58.6	44.7	13.2	57.9	44.7	31.5	78.1	46.6

\*\*Children looked after continuously for at least six months

Source: Department for Education, Outcomes for Children Looked After by Local Authorities in England, as at 31 March 2011

Educational outcomes are, unsurprisingly, significantly affected by placement stability. Of children looked after continuously for 12 months, of those with just one placement 18% achieved five or more GCSEs at grades A\* to C including English and mathematics. However, for children with three placements, 11% achieved five or more GCSEs at grades A\* to C including English and mathematics. For children with more than three placements during their latest period of care, the corresponding figure was just 6%.<sup>65</sup>

65 Department for Education, Outcomes for Children Looked After by Local Authorities in England, as at 31 March 2010

Looking to the older age bracket of those in care, the outcomes are particularly concerning. Of those 19 year olds who had previously been in care:

- Only 6% were in higher education;
- 30% were in education other than higher education;<sup>66</sup> and
- 33% were not in education, employment or training, this compares to only 16% of all 19 year olds.<sup>67</sup>

Over the longer-term, we can see the impact that the care system has on later outcomes. Over a quarter of all adults serving custodial sentences previously spent time in care<sup>68</sup> and almost half of all under 21 year olds in contact with the criminal justice system have spent time in care.<sup>69</sup>

The outcomes make worrying reading in isolation but they also point to the long-term costs to society and local authorities, as well as to the children themselves with limited prospects and aspirations. Of course the outcomes are closely linked; children who have experienced little by way of educational success are more likely to be unable to support themselves in independent living and are therefore more prone to mental health problems and involvement in crime. The costs of educational underachievement and involvement with the criminal justice system will have to be met at some point in the future. It will not necessarily be by the same Local Authority and it certainly will not be by the fostering placement team, but it will cost the taxpayer in the long-run.

## A system in need of reform

The first three chapters of this report have outlined some of the key problems with the current system of foster care in England and Wales and the appalling impact this has on the children within it. This impact can be seen both in childhood and when these children reach adult life.

There are a number of problems in the current system of foster care in England and Wales. First, there is a critical shortage of foster carers who are able to foster those children desperately in need of stability and love. This reduces the choice of placements available, can lead both to inappropriate placements and, ultimately, to an increased likelihood of placement breakdown. There are many contributory factors to this situation: foster carers are frustrated by poor communication from social workers and often feel marginalised and insufficiently supported. On the part of the social worker, caseloads and oppressive administration put pressure on the system; and a lack of clarity of, and variation in, pay and retention packages for those carers with LAs and those with IFPs makes recruitment harder than it should be.

Increasing the supply and quality of carers is essential, so Chapter 4 will explore how to reform carer recruitment and retention. It will consider the arguments around the professionalisation of foster care, including whether carers should be formally salaried and how tiered models of foster care could help the children most in need.

The second problem is that of commissioning of placements. This report has highlighted that, while LAs seek to provide the bulk of foster care, they often have to make use of IFPs. Commissioning of placements from IFPs is currently the preferred model of arranging non-LA foster care provision but, despite some

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66 <http://media.education.gov.uk/assets/files/pdf/s/main%20text%20sfr212011.pdf>

67 Authors own calculations using the Labour Force Survey, January–March 2011

68 Care Matters: Transforming the Lives of Children and Young People in Care, Green Paper, p.14. <https://www.education.gov.uk/publications/eOrderingDownload/Care-Matters%20Green%20Paper.pdf>

69 The Centre for Social Justice, *Couldn't Care Less*, p. 18

innovation, it is delivering only mixed results at best. Commissioning has also highlighted the importance of all involved having an accurate understanding of costs associated with foster care. A PwC report in 2006 demonstrated the barriers to achieving this, suggesting that:

*There are a number of key issues that need to be addressed to develop greater transparency in cost. The first barrier is addressing the potential conflict of interest that can arise within a Local Authority that both commissions and provides. Until a structural incentive is in place e.g. creating a commercial relationship between separate commissioner and in-house provider, that will drive in-house providers to generate and document cost and pricing information on the same basis as the external market place, then data will not become available.<sup>70</sup>*

To address this issue, Chapter 5 will examine if foster care provision could be delivered in a more consistent and better managed way. We will evaluate:

- whether commissioning does offer the best format;
- whether LAs should be deciding the placement choice in the first place; and
- whether outsourcing might deliver improved outcomes or simply replace the monopoly of LA provision with a monopoly of four or five big IFPs.

Aside from this, the wider issue of accountability of local authorities as corporate parents is vital. It is clear that LAs should be held accountable for the outcomes of children in their care but there is little by way of sanctions in place to ensure that they do – we will consider how this can be rectified.

Of course, behind all this, there is a wider discussion of what we want the care system to achieve and what we can expect of it. At present the care system in England and Wales is focused on ‘child protection’ and taking a child into care is usually seen as the last resort. Conversely, care on the continent is based on family support and is not seen as a last resort. Rather it is seen as an option on the spectrum of family support packages. This approach means that one area is not particularly prioritised over another or seen as less valuable. Rather, all aspects are seen as a vital part of a professional service. This contrasts with England and Wales where care is seen as the worst option for a child, when things have finally broken down in their family. The following chapters will consider whether we should reappraise how we conceive of the care system. It also considers whether, although outcomes for looked after children are generally poor in countries across the globe, there are positive aspects of the European model which could improve how our system works.

Two final areas of vital importance are the support given to foster carers and the voice that young people in the care system have. At the heart of both of these issues is the social work system. We have already identified major gaps in this system and the support that social workers provide to foster carers. Some aspects of reform in this sphere are considered below, but more fundamental reform of the social work system will be considered in a later report

70 Price Waterhouse Coopers, *Children's Services, Children's Homes and Fostering*, Report for the Department for Education and Skills, 2006, p. 6

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# 4

## More Foster Carers, More Placement Choice

‘Fostering needs highly skilled people with exceptional personal qualities to undertake this work’.<sup>71</sup>

### Summary of recommendations

Foster care in England and Wales is stymied both by a lack of foster carers and an increase in the number of children needing to be cared for, especially children with complex needs. Social workers are under enormous pressure to simply find a placement when the best interests of the child, often regardless of the fit with the individual needs of the child involved. It might well be the case that an alternative placement would be better, but is unavailable. Carers feel unsupported both emotionally and financially, and children are not always placed in a safe, caring home. It is not acceptable for the most vulnerable children in our society to be failed so continuously. To address these challenges we make the following recommendations:

**Recommendation 1: England and Wales should provide professional foster care but should not formally designate foster care as a profession.** Standard 1.4 of the National Minimum Standards should also be amended and the core role of foster carers should be made more explicit in these Standards.

**Recommendation 2: All foster carers should be paid a year round fee and should be placed on local fee frameworks.** The fee should be based on the skills, qualifications and experience the carer has. These local fees frameworks should also provide additional amounts for each week that a carer has a child placed with them. This amount would depend on the needs and characteristics of the child and would be in addition to the current allowance.

**Recommendation 3: A top tier of carers should be created comprising those most experienced and most highly trained.** These carers would be expected to be willing and able to give up work and care for children with particularly complex and challenging needs be these emotional, behavioural or physical. These carers should be formally salaried.

71 Madeleine Tearse, Love Fostering – Need Pay, The Fostering Network, 2010, p. 5

**Recommendation 4: Local fee frameworks must be openly published** to ensure greater clarity over what carers receive in terms of allowances and fees and for transparency across the country. This should include details of the numbers of carers currently at each tier of the framework and details of the tiers at which shortages in the numbers of carers exist.

**Recommendation 5: The concept of ‘shared care’ should be expanded to enable suitable foster carers to work alongside families in need including with children at the edge of care.**

This chapter tackles the vital issue of how to increase the number of carers in the foster care system. Foster carers volunteer from the general population and apply to become foster carers through LA or IFP approval processes. These can take up to six months and are based upon substantial probing about personal circumstances and an examination of the carer’s financial position as well personal wellbeing and motivations for fostering.

Previous chapters outlined that the best estimate of the number of foster care households are 39,679 in England and 3,046 in Wales.<sup>72</sup> Research from 2009 revealed the age profile of foster carers: 94% are over 40 years old with 65% over 50 years old.<sup>73</sup> The age of foster carers has been increasing over time. Since 2000 the average age of a female foster carer has risen to 53 from 46 and for male foster carers the average age has risen from 47 to 54.<sup>74</sup>

There is also an ever growing shortfall of carers. The shortfall is often approximated at between 8,000 and 10,000.<sup>75</sup> If social workers are to have any real choice when it comes to arranging a placement and if waiting lists for appropriate placements are to be reduced, then increasing the number of foster carers is crucial. This would lead to better matching, more stability and improved outcomes for children in care.

## The financial position of carers

A recent survey found that 46% of carers felt ‘badly supported financially’, and that 69% of current carers said that ‘increased payment would do the most to improve their experience of fostering.’<sup>76</sup> This is a clear indication of one way in which more foster carers might be recruited and retained.

However, we should be clear from the start that our view of the foster care system is of one where carers are motivated by the wellbeing of the child and improvement in life chances that their fostering can provide, not the money. Nevertheless, financial compensation has an important role to play in ensuring that people can afford to become carers.

This is particularly true when the issue of carers earning an income from a source other than fostering is considered. Some fostering services will not allow foster carers to work outside the home at all or not to work outside the home if they are looking after a child in a particular age bracket or with certain needs. The result is that 66% of foster carers have no paid employment other than fostering. Almost 30% of foster carers are listed as single, meaning that they will have no partner to provide additional income from employment.<sup>77</sup>

<sup>72</sup> Holmes and Soper, *Update to the Cost of Foster Care*, The Fostering Network, 2010, p. 16

<sup>73</sup> Helen Clarke, *The age of foster care*, The Fostering Network 2009, p. 1

<sup>74</sup> *Ibid*, p. 2

<sup>75</sup> House of Commons, *Children, Schools and Families Select Committee Report on Looked After Children*, 2008–2009, p. 50

<sup>76</sup> The Centre for Social Justice, *Couldn’t Care Less*, 2008, p. 73

<sup>77</sup> Holmes and Soper, *Update to the Cost of Foster Care*, The Fostering Network, 2010, p. 16

This leads to dependence on both financial compensation from foster care and on benefits. While foster carers are not entitled to claim tax credits, Child Benefit or free school meals for foster children in their care a survey of foster carers in 2010 found a 'high dependency on welfare benefits and pensions.' A quarter of the respondents stated that they were claiming basic out-of-work means tested benefits and over half stated that that they or their partners claim benefits or tax credits of some kind.<sup>78</sup>

It should be a cause for concern that we have considerable dependency on state benefits amongst foster carers. First, it makes it more likely that carers will need to foster for the financial rewards and while you can care and earn money (for instance, this is common in many other professions such as in nursing or teaching), this must be a concern. Second, the decision to place children in potentially low aspiration households may have wider implications. In particular, we should be concerned about the potential for a precedent to be set for a child who never sees an adult going out to work.

Despite this concern there are, however, mixed views on foster carers and additional employment. For instance, those carers that foster children needing 24-hour care cannot work outside the home. This means that we need to have a model of foster care that allows for this flexibility and takes account of individual circumstances of carers and children.

### Should foster care be designated as a formal profession?

Some argue that formally professionalising foster care might both provide the flexibility described above and also attract more carers – solving the shortage crisis. However, this view is neither universal nor uncontroversial.

There are many factors that point toward professionalisation being an appropriate response to the changing nature of foster care. Mainly due to the decline in residential care, carers are looking after children with ever more complex needs; carers are taking on more tasks outside of traditional parenting such as attending court hearings; and a raft of regulations and standards have been imposed from the centre.

Carers also have to have a certain level of training, both before they are approved and throughout their time as carers. For example, carers may well be working towards or have obtained an NVQ Level 3 in Childcare.<sup>79</sup> One survey of carers in 2010 found that '34% of respondents already held a NVQ relevant to fostering, and a further 18% were currently working towards one.'<sup>80</sup>

Before being approved, all foster carers go through pre-approval training. There are specific guidelines laid down by the government included in the Fostering National Minimum Standards introduced in 2011 under the auspices of the Care Standards Act 2000. These make it a legal requirement for:

- All foster carers to receive training in positive care and control of children, including training in de-escalating problems and disputes;
- Foster carers to be trained in appropriate safer-care practice, including skills to care for children who have been abused. For foster carers who offer placements to disabled children, this includes training specifically on issues affecting disabled children;
- All foster carers, including all members of a household who are approved foster carers, to be supported to achieve the Children's Workforce Development

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78 Madeleine Tearse, *Love Fostering – Need Pay*, The Fostering Network, 2010, p. 13

79 The NVQ is being phased out to be replaced by the Children and Young People's Workforce Level 3 Diploma (QCF).

80 Holmes and Soper, *Update to the Cost of Foster Care*, The Fostering Network, 2010, p. 16

Council's Training, Support and Development Standards for Foster Care. Short break carers who are approved foster carers are supported to achieve the Training Support & Development Standards for Short Break Carers. Family and friends foster carers are supported to achieve the Training, Support and Development Standards for Family and Friends Foster Carers; and

- Foster carers to be able to evidence that the Training, Support and Development Standards have been attained within 12 months of approval (or within 18 months for family and friends foster carers).

Accordingly, these changing demands denote a level of professionalisation that should be acknowledged and rewarded. On the face of it, full professionalisation seems a neat and plausible solution to some of the problems faced by foster carers.

Recognising foster care as a profession, with a commensurate salary, might well attract more people into opening their homes, so helping ease the chronic shortfall across the country. Such a

move could also raise the status of foster carers within the caring professions as a whole and go some way to encouraging LAs to view foster carers as equals (carers often complain of being looked down on by social workers or of not treated as equals in the provision of care). Formal professionalisation might bring the added benefit of raising standards as an emphasis on training

and professional development would accompany it so equipping foster carers with the skills they need to care for the children placed with them. In addition, there would be more consistency across England and Wales as to what is both expected of and owed to foster carers – a consistency lacking at present.

In short, there is a strong argument that, since children with ever more complex needs are being fostered and we are asking our carers to do more and expecting them to deliver more, we should simply make foster care a formal salaried profession.

Unfortunately there are also strong counter arguments. One obvious point is that we should want a professional foster care service in the sense that it is well run and efficient and that carers are well resourced and well supported in their task. However, it is less clear that we should want to see foster care as a profession comparable to social workers or residential care workers. One key reason for this uncertainty is the hybrid nature of foster care being work but taking place in the family home. This is unlike nursing, social work and those caring in residential homes, who are able to separate their work from their home life.<sup>81</sup>

A foster carer does not walk away from the child at 5:30 or 6pm as a social worker might, or any other member of the social care team. It is unclear what the effect on carers and their ability to say no to a placement would be. Forcing children on unwilling carers is absolutely to be avoided. Moreover, many foster carers are unhappy at the idea of their work being seen as a 'profession', they are not doing it because it is their 'job' or because they get paid, it is because

“There is a strong argument that, since children with ever more complex needs are being fostered and we are asking our carers to do more and expecting them to deliver more, we should simply make foster care a formal salaried profession”

81 Kirton, D. (2007), 'Step forward? Step back? The professionalisation of fostering', *Social Work and Social Sciences Review*, 13, pp. 6–24, (p. 7)

they care and want to help – although they do not want to struggle financially to do so. Not all foster carers are strangers to the child, some are ‘kinship carers’ – carers drawn from the child’s family, perhaps grandparents, uncles or aunts. While the situation surrounding their pay and support is unclear, for these kinship carers professionalisation is inappropriate, they are first and foremost family, not workers.

There are also counter arguments to the argument that training denotes professionalisation. One recent report states that: ‘...if training has become an established feature of foster care, its present scope remains limited, especially in relation to stronger professionalising ambitions.’ The same report also argues that there is ‘...little evidence [to date] of a link between training and child outcomes although there may be indirect benefits in terms of feelings of support and engagement with fostering as well as retention’. Placing an emphasis on formal training could also overlook some carers long years of experience – good carers should not be ‘unduly penalised due to lack of formal qualifications.’<sup>82</sup>

This raises the question of ‘professionalisation for whom’. It is clear that the interests of the child have to be centre stage, so that professionalisation must lead to better outcomes for children in foster care, not just foster carers. With that caveat in mind, the Fostering Network has been one of the most consistent voices in the professionalisation debate, although they highlight that they want to see a ‘professional foster care service’ with:

*...the role of the foster carer recognised as that of a key partner in the team surrounding the child, with particular responsibilities that need to have equal validity and importance within the children’s workforce.*

However, there are questions over the ability of professionalisation to level the playing field between foster carers and social workers. Status differences will clearly not be altered overnight and, while foster carers do need to be recognised as key workers in the social care workforce, it is always going to be difficult to close the status gap between social workers and foster carers. As a recent report summarised this is predominantly due to a ‘...a mix of respective qualification levels, vested legal powers, historical legacy and the significant personal scrutiny to which foster carers are subjected.’<sup>83</sup>

Another barrier to professionalisation is that not all foster carers welcome the idea of being termed ‘professionals’ when the task they are being asked to do is care for a child. While one carer told us that ‘I’m doing a professional job so I should be treated as such’, another explained to us that ‘we’re parents, not professionals.’

Children in care also seem quite unhappy with the notion that foster carers should be seen as professionals and correspondingly be paid more. Their response in many of the discussions and the focus group we held was often ‘...but [carers] should be doing this out of love not because they are paid to’. The House of Common’s Select Committee report on Looked After Children also noted that, ‘...the young people felt very strongly that a lot of foster carers do it for the money, and pointed out that many agencies’ recruitment strategies are based on advertising the financial reward available.’<sup>84</sup>

82 Kirton, D, (2007), ‘Step forward? Step back? The professionalisation of fostering’, *Social Work and Social Sciences Review*, 13, pp. 6–24, p. 15

83 Ibid p. 17

84 House of Commons, Children, Schools and Families Select Committee Report on Looked After Children, 2008–2009, p. 112

This point is important, since it is vital that the professionalisation debate does not focus attention purely on pay. The total support package that foster carers get in terms of: support from supervising social workers; the quality and frequency of respite care; and getting the services and support for the children in their care are vitally important. Evidence from Barnardo's to the House of Commons Children, Schools and Families Select Committee stated that 'foster carers tell us that if they had access to such advice and support [24 hour] it could have more impact on whether they continue with both individual placements or generally as a carer, than the financial remuneration.'<sup>85</sup>

One recent attempt to improve this situation and make carers feel more involved is set out in the recently published Foster Carers Charter. This states that foster carers should be considered 'a core team member'. However, the charter has no legal teeth and says disappointingly little about how any such changes are to be achieved. The Fostering Network argue that the Charter does not actually add anything to the requirements for fostering providers as everything that is in the Charter is already contained in the National Minimum Standards (NMS) for fostering.

Indeed, on the issue of the carer being recognised as a core member of the team, the only reference to this in the NMS falls in the 'Values' preface to the standards and not as an actual standard itself. Other values do find clear expression in the standards but the central importance of the foster carer and the necessity for them to be recognised as such a key member of the team is not made explicit. For instance, Standard 1 relates to 'The child's wishes and feelings and the views of those significant to them'. In the list of standards relating to this, Standard 1.4) states 'The views of the child, the child's family, social worker and Independent Reviewing Officer are sought regularly on the child's care'.<sup>86</sup> As it stands, this standard makes no mention of the child's foster carer. As a consequence, there is no necessity for foster carers to be regularly consulted on the child's care.

The evidence and arguments above highlight that this is a difficult area. There is clearly a need for reform of the current system, but there are also strong arguments against full, formal, professionalisation of foster care. What seems clear is that carers need to feel that they are regarded as a key part of the team of support around the child and be well supported both emotionally and financially. These elements of professionalisation are essential if we are to increase the numbers of foster carers in England and Wales.

## Care on the continent

Another way to consider the arguments around professionalisation is to examine other countries foster care systems and their approach to professionalisation in foster care. The Scandinavian approach is particularly illuminating. Scandinavian countries tend to have systems of foster care that operate on what might be termed a 'family support system' as opposed to a 'child protection system'.<sup>87</sup> There is a far greater emphasis on children remaining in contact with birth families, use of social pedagogy and the care workforce tends to be much more highly qualified. Importantly, the care system is not seen as a last resort, nor are members of the care workforce looked down upon as perhaps is often seen to be the case here in England and Wales. The box below outlines some key features of the Danish care system.

<sup>85</sup> Ibid p. 41

<sup>86</sup> Fostering Services, National Minimum Standards, 2011, p. 8

<sup>87</sup> Thoburn, June, 'International Perspectives on Foster Care', in eds. Elizabeth Fernandez & Richard P. Barth *How does foster care work? International Evidence on outcomes* (2010), pp. 29–44

### Comparing care in other countries: Denmark

Tempting as it is, there are problems in trying to directly compare outcomes for children across countries. This is particularly true when trying to compare England and Wales with countries such as Denmark and Sweden. Primarily this is due to the fundamentally different approaches to care and social welfare in these countries. England and Wales operate a 'child protection' system which seeks to promote the health and safety of the child first and foremost, whereas in Scandinavia the emphasis is much more often on 'family support'. This approach sees care options, such as foster care, as part of a broad spectrum of family support options with the ultimate intention of keeping families together where it is safe to do so. As a result, the children in care populations are different in age of entry and level of need as well as in their legal status. Most children in care in Scandinavian countries are there through a voluntary agreement between their parents and the local municipality; the reverse exists in England and Wales – the majority of children are in care because of a care order or interim care order where a child is removed from their parents, with or without their consent.

That said there are aspects of the care systems in Scandinavia which may well be worth considering for application in some form, including the markedly more professional outlook and approach that characterises the whole system.

In 2005 91% of children in care in Denmark were there by voluntary agreement leaving only 9% to be in compulsory care.<sup>88</sup> Of those in care, 48% were in foster care, 41% in children's home and 11% in another facility including boarding school.

The use of pedagogy and family therapy is widespread and, in general, the care work force is staffed by those with much higher levels of qualification than found in England and Wales. The emphasis falls primarily on family support and one notable feature is provision such as 'family houses' which offer open-access support and advice alongside targeted individual and group-based provision for families with identified needs.<sup>89</sup>

Residential care is often well placed to meet the complex needs of particularly challenging children but the workforce is usually very highly trained and combines to provide a 'professionalised social pedagogic residential care workforce'.<sup>90</sup> Denmark also makes use of its '*opholdssteder* model', a form of residential provision that combines a professional approach with a home like environment for young people whose needs are unlikely to be met by foster care but who do not need such an intensive environment as would be provided by state residential care. This seems similar in structure and intention to the family style homes in Sweden and certainly merit closer attention by the care sector in England and Wales.

Overall, more care options exist in Denmark (as indeed in other European countries such as Sweden and Germany) and planning decisions are often taken over longer timescales. This allows more consideration of the options and also a chance to take views of carers and children into account. While outcomes can still be poor, we can learn from aspects of the systems that appear attractive. For instance, the spectrum of care approach that sees care as an option alongside intervention is also more likely to lead to better planning and co-ordination than rushed emergency placements and unplanned moves between placements which currently characterises the system in England and Wales. There is also a particular relevance to the professionalisation debate in the use of pedagogues and 'family houses'.

<sup>88</sup> Children in Public Out-of-Home Care in Denmark, p. 4, available at [http://www.uea.ac.uk/polopoly\\_fs/1.852531denmark%20report.pdf](http://www.uea.ac.uk/polopoly_fs/1.852531denmark%20report.pdf)

<sup>89</sup> Boddy, J., Statham J., McQuail, S., Petrie, P., and Owen, C., (2009) 'Working at the 'edges' of care? European models of support for young people and families', DCSF Research Brief, p. 4

<sup>90</sup> *Ibid*, p. 5

## Social pedagogy

Social pedagogues work as child care professionals often after training for three or four years to gain a university level qualification. In Denmark for instance, around a third of those working in foster care have been educated in pedagogy and may well have skills to care particularly for children who have more complex needs.<sup>91</sup>

Petrie effectively draws out the implications for professionalisation:

*The work of the pedagogue is basically a matter of engaging as a person in relationships with children and young people, while maintaining a professionalism that best supports the child's development and well-being. Foster carers need to do both, in order to be warm and welcoming and at the same time capable of reflection, maintaining distance as appropriate.*<sup>92</sup>

In England, social pedagogy pilots were launched in 2008 across the residential sector. The recently published evaluation of the pilots showed mixed results and raises many questions both in terms of the implementation and outcomes of the approach and also of the appropriateness for the UK. However, a number of potentially useful aspects were identified and overall found that ‘...most agencies, homes and individuals who participated in the Pilot felt that it was worthwhile and had some impact.’<sup>93</sup> Ultimately it will be difficult to assess the full potential of the approach until it is tested over a longer period of time and made relevant for the care system of England and Wales. The report also highlights that, in isolation, the approach cannot solve all the problems with the care system and highlights many of the arguments made in this report over the level of professionalism in the care system in England and Wales.

There is also an absence of research on pedagogy in foster care in England and Wales so it remains to be seen if it could both enable the hybrid nature of foster care to be maintained and also broaden the skills that foster carers could use to care for children placed with them.

## Range of placement options

Research on comparative approaches to foster care across Europe also finds that in Denmark (as well as France and Germany) a placement in foster care could be seen alongside intervention and not as a last resort. This reflects a different focus in Denmark, France and Germany, where placement measures were described by interviewees as *among the options for intervention with a child and family – not as an alternative to be used after intervention had failed.*<sup>94</sup> As a consequence, placements are much more diverse than in England and Wales and provision such as ‘family houses’ which offer open-access support and advice alongside targeted individual and group-based provision for families with identified needs are also more commonly used.<sup>95</sup>

A large part of the reason for the narrow range of options available in England and Wales appears to be the emphasis on child protection. Whilst it is clear that children at risk of abuse or neglect should be taken into care, we must also open up the range of viable options available. Experience on the continent suggests that we should be using experienced foster carers in more innovative ways, such as working alongside birth families who are struggling to manage the behaviour of a child. By extending the principle of ‘shared care’ where foster families help the birth families of severely disabled children we could make good use of the skills of foster carers and help those families who might be deemed ‘at the edge of care’.

91 Petrie, Pat, ‘Foster care – a role for social pedagogy’, *Adoption and Fostering Journal*, 31, 1, 2007, pp. 73–80

92 *Ibid*, pp. 73–80

93 <https://www.education.gov.uk/publications/eOrderingDownload/DFE-RR148.pdf>

94 Boddy, J., Statham J., McQuail, S., Petrie, P., and Owen, C., (2009) ‘Working at the ‘edges’ of care? European models of support for young people and families’, DCSF Research Brief, p. 5

95 *Ibid*, p. 4

## A more professional foster care system?

These debates have underlined the contentious nature of the suggestion that England and Wales should move towards formal professionalisation of foster care. The hybrid nature of foster care, straddling both ‘family’ and ‘work’ and the mixed opinions of both carers and those children in care present difficult challenges.<sup>96</sup> Indeed, for one commentator, ‘the case for professionalisation and greater investment in the foster care system has a strong plausibility... but is far from proven.’<sup>97</sup>

However, while we agree that formal professionalisation would currently be inappropriate, it is clear that we should be expecting the most from our foster care system. It should be delivering care to the highest of standards and looking to improve the outcomes for the children involved in it. This is an obvious point to make, but with outcomes in the current system often poor and with the needs of children in foster care becoming greater and a shortage of suitable foster carers, it is not being delivered.

Evidence from the continent and from the UK suggests that there may be a half-way house between the voluntarism of the current system and formal professionalisation. The approach should involve exploration of the role that social pedagogy might play and consideration of how more innovative models of care might be used. Of course, this must also go hand in hand with stronger support for foster carers and more formal recognition of the need for their views to be considered, for instance by amending section 1.4 of the National Minimum Standards to include the views of the foster carer. Adopting such an approach could help to boost carer numbers, ease pressure on the system and improve outcomes for children.

### Recommendations

**Recommendation 1: England and Wales should provide professional foster care but should not formally designate foster care as a profession.** It is vital to maintain a balance between providing the family home that children in care need but also to recognise that foster carers are frequently called upon to do much more now than twenty years ago. A more professional system would require recruitment of a larger number of carers with a wider range of characteristics and capabilities, but all carers should have high aspirations both for themselves and any children placed with them. A more professional system would also provide better social work support and, in particular, recognise carers as a key part of the team surrounding a child in care. Standard 1.4 of the National Minimum Standards should be amended and the core role of foster carers should be made more explicit in these Standards.

**Recommendation 2: The concept of ‘shared care’ should be expanded to enable suitable foster carers to work alongside families in need, including with children at the edge of care.** A small number of foster carers currently look after one child for a short period on a regular basis (within the Placement with Parents regulations) and combine this with working alongside the birth families to help them care for the child. Often the carers are trying to show birth families how to put boundaries in place or strategies for coping with particular behaviour. In essence, this is an extension of the principle of ‘shared or support

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<sup>96</sup> Kirton, D. (2007), ‘Step forward? Step back? The professionalisation of fostering’, *Social Work and Social Sciences Review*, 13, pp. 6–24

<sup>97</sup> *Ibid.*, pp. 6–24

care' (primarily applicable to families with disabled children). Such an approach contributes to an understanding of care as a spectrum of beneficial options for children and families not simply a last resort. This model should be extended where suitable foster carers can be found.

## Pay in foster care

Unsurprisingly, given the contested nature of professionalisation, there are also complex issues relating to payments to foster carers. These include what level of allowance a carer should receive for the child placed with them; whether carers should be paid fees to reflect their skills or experience as well as the allowances and if so, at what level and on what basis; how payment is linked to employment outside of the home and the issue of role models for children in the home; and whether carers and children in the care system view payment as appropriate.

Currently, all foster carers receive an allowance to cover the costs of looking after a child in their care. There are minimum allowances, which are mainly held to by LAs but the level of consistency and clarity falls short of what a professional service should offer.

## Allowances

Allowances vary by the age of the child. The Department for Education does have recommended minimum rates for England and 'generally English local authorities are meeting these'.<sup>98</sup>

**Table 4: Recommended minimum allowances for foster carers in England**

Weekly rates	Age of child				
	Under 1	1–4	5–10	11–15	16+
Base	£109	£111	£122	£140	£164
South East	£120	£123	£137	£156	£184
London	£126	£129	£144	£163	£191

Wales adopted national minimum allowances from April 2011<sup>99</sup> with rates as follows:

**Table 5: National minimum allowances for foster carers in Wales**

Weekly rates	Age of child		
	0–4	5–15	16+
Wales	£140	£127	£159

Allowances are paid to cover the core costs of looking after a fostered child including food, clothes, toiletries, insurance policies, social protection, health and education, including school trips, toys, electronic equipment and everyday travel

98 Madeleine Tearse, *Love Fostering – Need Pay*, The Fostering Network, 2010, p. 5

99 <http://www.fostering.net/news/2011/national-minimum-allowances-be-introduced-wales>

costs. Carers are supposed to be protected by these minimums although the total amount paid to them will vary depending on the needs of the child they foster and they should receive more if the child has particular needs that are not covered by the minimum.

That the national minimums are supposed to act as a benchmark is clear as the Welsh Assembly admits, 'it will not be sufficient to cover additional costs for children who have needs over and above those of most foster children.'<sup>100</sup> Having introduced these allowances, the Welsh Assembly is requiring all fostering service providers to publicise their allowance rates.

In the main, conversations with carers revealed that the allowances received to cover the needs of the children placed with them were considered sufficient. However, there were instances of local authorities not paying allowances promptly, with some carers not receiving the allowances until after the placement had ended. In some instances a sum has been deducted for administration or other unspecified reasons. Fostering providers should be absolutely clear about exactly what financial support carers will be provided with as they care for the child placed with them. Yet carers do want to be paid in light of the demands placed on them with one carer saying; 'to do my job well, I need to be paid.' While it cannot be overlooked that a significant minority of carers are motivated by financial gain, carers do need to be adequately and fairly resourced to care properly for the children placed with them.

## Fees

The situation regarding fees is substantially different. This is primarily due to variations in demand with carers more likely to receive higher fees in areas where demand is highest. The payment of a fee reflects the 'reward' aspect of fostering and compensates carers for training undertaken and time and effort expended. Where fees are paid they tend to increase as carers do more training and foster children with more complex needs.

The Fostering Network records that 'at least 40% of carers receive no fee for their work, and there is huge variation in the levels of fees for those who are paid.'<sup>101</sup> This is unsurprising as there is no requirement for fostering services to make any payment, aside from allowances, at all. A survey in 2010 found that 'at least 50% of foster carers receive some sort of weekly fee payment' of which 60% are paid less than £250 per week.<sup>102</sup> Breaking down the findings reveals that: 45% receive up to £200 a week; 25% receive between £201 and £300 a week; 20% receive between £301 and £450 a week; and 10% receive over £450 a week.<sup>103</sup> To add to the complexity, if a carer fosters different children in the same year, the payment may change, potentially leaving the carer in a financially difficult position.

This, of course, is not the only complication. For instance, many foster carers make themselves available for 52 weeks a year, but may not have a child placed with them for all of those weeks. The Fostering Network has argued that these carers should be paid a fee throughout the year.<sup>104</sup> However, at the moment only 26% of carers receive a fee or retainer over 52 weeks.

A significant proportion of carers (34%) also have employment outside of fostering and 64% have a partner who is in employment.<sup>105</sup> For those care families without outside employment, a thorny issue is raised of whether it

100 [http://www.fostering.net/sites/www.fostering.net/files/resources/reports/wag\\_allowances\\_250211.pdf](http://www.fostering.net/sites/www.fostering.net/files/resources/reports/wag_allowances_250211.pdf)

101 Madeleine Tearse, *Love Fostering – Need Pay*, The Fostering Network, 2010, p. 3

102 *Ibid*, p. 8

103 *Ibid*, p. 9

104 Tapsfield and Collier, *The Cost of Foster Care*, The Fostering Network, 2005, p. 1

105 Madeleine Tearse, *Love Fostering – Need Pay*, The Fostering Network, 2010, p. 8

would be more beneficial to the child's development to see an adult going out to work where possible.

These issues are important. We highlighted in the introduction that carers report that pay can be a key factor in determining the likelihood that they remain in the system.<sup>106</sup> This suggests that compensation of carers could be an effective tool for recruiting and retaining carers.

However, other research has found '...little evidence to support links between payment and recruitment or retention of foster carers'.<sup>107</sup> In fact, a 2003 report found that half of the foster carers they surveyed would have preferred maintaining support levels rather than receiving higher payments. Only 20% of foster carers would have liked to have seen an increase.<sup>108</sup> If some carers are motivated by higher fees it is unsurprising to find some evidence of a desire for higher payments but it seems far from conclusive that higher payments are sought by all.

As with all children, it should be the aspiration that children in the foster care system are not in families experiencing poverty. However, this again raises the question of the types of carers that we recruit and whether a fee or allowance for fostering should lift a home out of poverty, or whether children should be placed into homes where poverty will not be encountered in the first place.

To tackle some of these issues and to ensure clarity and consistency, a possible solution would be the adoption of a national fees framework. This would see all carers receiving a fee either in relation to their skills and qualifications, or based on requirements placed upon them or where all carers receive the same level of payment. Extensive recent work has developed the outline of a 'fees framework' for Wales. The framework aims to provide a 'common template for fee payments by providers of foster services in Wales... each provider would be free to set its own fee structure and fee levels.'<sup>109</sup> In other words, a broad template has been set that allows LAs and IFPs the flexibility to act within these boundaries depending on the market in which they operate.

However, whilst some fostering providers in Wales already operate a fees framework there is a great deal of inconsistency. As the CSSIW in 2007–2008 noted: 'five LAs had no fee structure... [but] LAs recognised that they needed to increase the number of LA foster carers and needed to compete with the IFAs on payments... just over three-quarters of LAs (77%) were paying fees and these payments were linked to the ability to care for 'hard-to-place children' or to carers achieving a Level 3 NVQ.' There was also considerable variety in all of these as some fee payment schemes required foster carers not to go out to work, while some were based on the number of children in a placement or the age of the child. Some had nine different levels, some had three and there was no automatic progression from one level to another.

Linking fee payments to either training levels or to the level of need that the child has is also not without complication. For instance, training and qualifications do not necessarily lead to improved ability or outcomes. If a carer improves the behaviour of a particular child then, in theory, the child would be reassessed and the carer would then get less money for looking after the child.<sup>110</sup>

Naturally, therefore, there are some significant objections to the development of a national fees framework. First, the costs that it would generate would be likely to be higher than under the current system. Second a fee framework could

106 Ibid, p. 3

107 Foster Carer Payments and Fees Framework, Final Report for the Welsh Assembly Government, February 2010 (LE Wales and The Hadley Trust) p. 58

108 Ibid, p. 61

109 Foster Carer Payments and Fees Framework, Final Report for the Welsh Assembly Government, February 2010 (LE Wales and The Hadley Trust) p. i

110 Ibid, p. 4

interfere with IFP business plans and in the words of one independent provider, would ‘drag us all into restricted LA budgets’.<sup>111</sup> Third, that it would be very complex to implement, and fourthly, taking a fee could undermine the very flexibility and autonomy that carers value as it might make it difficult to refuse a particular placement.

However, it is our view that if England and Wales are to attract more carers, incentivise them to stay and expect them to look after children with more complex needs, payment will be a vital part of achieving this.

A national fee framework has significant drawbacks. But we should encourage all providers to pay carers a fee. The amount of this fee and by what measure should be determined locally and all contracts will need the flexibility for a carer to say no to a placement should they feel unprepared or unable to care for a particular child. We recognise that this may require increased spending on fostering services. Unless we invest appropriately now to ensure stable care journeys with high quality carers, there will be far more expensive consequences.

### Options for fee framework

- Broadly speaking there are four options for a fees framework as sketched by Selwyn et al:
- Flat fee for all carers;
- Fee linked to carers characteristics (scored on formal qualifications, skills and experience; providers decide relative importance of these three);
- Fee linked to child’s characteristics (e.g. a measure of behavioural complexities and a measure that assesses any special requirements of the placement; both of these scored, with relative importance decided by provider, with a higher aggregate score resulting in a higher fee); and
- Fee linked to both carers and child’s characteristics (combine both of these, ‘this means that carers with...better skills will get a higher fee for dealing with the same difficulty of placement, but also that carers dealing with more difficult placements will receive a higher fee.’)<sup>112</sup>

#### Recommendations

**Recommendation 3: All foster carers should be paid a year round fee, paid monthly, based on their circumstances, skills and experience. When carers have a child placed with them, an additional fee should be paid that is based on the child’s characteristics and needs. This would be in addition to the current allowance.** We believe that a national agreement to introducing a fee framework should be made. However, we recognise that a rigid national fee framework would not be able to account for local variation in need and demography. We believe that fee frameworks should be based on both the child’s and carer’s characteristics and pay fees based on a tiered model. However, while fee frameworks must be in place nationally, the fees attached to each level should be set locally by LAs and IFPs.

To some extent this builds on the tiered model outlined in the *Care Matters: Transforming the Lives of Children and Young People in Care* Green Paper of 2006. However, that model, of three tiers and to be applied nationally, appeared too simplistic to account for the diversity that exists amongst both children in care and foster carers.

<sup>111</sup> Ibid, p. 16

<sup>112</sup> Foster Carer Payments and Fees Framework, Final Report for the Welsh Assembly Government, February 2010 (LE Wales and The Hadley Trust) p. 92

It is our view that in order to retain more carers with a greater range of competencies, a year-round retainer should be paid. This should be based on the carer's own circumstances, skills and experience. This would then be augmented by an additional fee for the weeks of the year that they took on a foster placement. This additional fee would be based on the child's characteristics and needs and be payable in addition to the current allowance. While foster agreements should not pressurise carers into taking children they feel unable or unwilling to care for, providers might specify a minimum number of placements per year in order to ensure that potential carers do not turn down all placements and still receive their retaining fee.

**Recommendation 4: A top tier of carers should be created comprising those most experienced and most highly trained who are willing and able to give up work and care for children with particularly complex and challenging needs be these emotional, behavioural or physical. These carers should be formally salaried.** For many potential carers, retaining fees may be relatively low. However, the system also comes with the advantage that those carers with the very highest levels of skills, qualifications and experience and who we expect to take the most challenging children, could be given much higher retaining fees. In these cases, the retaining fee would act as an equivalent to a formal salaried job.

Carers at the top tier should be exceptionally highly trained, are likely to have considerable experience in caring for children with particularly complex physical, emotional or behavioural needs and they should be willing to give up work to care for these children twenty four hours a day. This kind of intensive fostering will only be needed for a small percentage of children in care but the costs of caring for such children are high. Examples of such fostering include Multidimensional Treatment Care (MTFC) piloted in England from 2007 although other specialist schemes also exist already developed by fostering providers. Work by Ward, Soper and Holmes found that costs for MTFC were comparable, and in some cases cheaper than LA and IFP residential care which would have been the alternative placement for these children.<sup>113</sup>

**Recommendation 5: Local fee frameworks must be openly published to ensure greater clarity over what carers receive in terms of allowances and fees and for transparency across the country.** This should include details of the numbers of carers at each tier of the framework and details of the tiers at which shortages in the numbers of carers exist.

### Foster care and social work

Foster care and social work are interlinked at every level. Children in care have their own social worker and foster carers are recruited, assessed and supervised by their own supervising social workers. Carers are supposed to turn to social workers when difficulties arise with placements, but it is no secret that social work in England and Wales is in a poor state with a 10% overall vacancy rate of permanent social work posts and a rate as high as 38% in Thurrock Council.<sup>114</sup>

This has a considerable impact on foster care. As the House of Commons select committee report noted: 'high staff turnover, heavy workloads and an administrative burden all militate against relationships flourishing'.<sup>115</sup> It became

113 See Ward, H., Holmes, L. and Soper, J. (2008) *Costs and Consequences of Placing Children in Care*. London: Jessica Kingsley Publishers; and Holmes, L., Westlake, D. and Ward, H. (2008) *Calculating and Comparing the Costs of Multidimensional Treatment Foster Care, England (MTFCE): Report to the Department for Children, Schools and Families*. Loughborough: Centre for Child and Family Research, Loughborough University

114 <http://www.communitycare.co.uk/Articles/2010/08/25/115153/one-in-10-social-work-posts-vacant.htm>

115 House of Commons, Children, Schools and Families Select Committee Report on Looked After Children, 2008–2009, p. 13

clear through our conversations with foster carers, and through a reading of the related literature, that inadequate social work was one of the principal reasons for considering either giving up as a foster carer or for being frustrated and disillusioned with fostering.

Particular issues that carers mentioned regarding their relationship with social workers included:

- Dishonesty in placement information or simply a lack of information;
- Enormous pressure on social workers time which meant that placement agreements were unfinished or poorly done; and
- Carers were unable to contact social workers when necessary.

Children in care also considered improved social work and less churn in social workers as two key areas in which their time in care could have been improved. The children mentioned that social workers often did not keep to meeting times or did not really listen to their concerns or just were not available when really needed. Given that word of mouth is the most likely source of recruiting new carers, this is a considerable cause for concern.

Overall, our conversations with foster carers, children being fostered and advocacy organisations outlined the frustration with social workers and the lack of support that can be given. This makes fostering less attractive to potential carers and, ultimately, is damaging to the children in the foster care system who vitally need care and support. Policy Exchange will be considering the system of social work and potential for reform in a future report.

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# 5

## Delivering Foster Care

‘...commissioning skills and capabilities in local authorities are often in short supply’<sup>116</sup>

### Summary of recommendations

The commissioning of foster care provision in England and Wales falls foul of the conflict of interests and biases that will always be present in a system where Local Authorities act as both purchaser and provider of services. This leads to a lack of placement choice, large costs of commissioning where it does take place and, ultimately, worse outcomes for children in foster care. To reform the system and improve outcomes, attitudes need to be changed, more management and performance data collected and analysed and new systems put in place. This chapter recommends that:

**Recommendation 1: The commissioning of foster care should move towards operating on a level playing field.** This approach would encourage more providers into the market and would allow for greater choice for children from the beginning of their time in care. By aiming for a ‘level playing field’ with anonymous bids for placements from *both* LA placement teams and approved independent providers at the same time, LAs would be forced to have a more realistic and better informed knowledge of their costs and prices as IFPs do. Placement options would be evaluated on the basis of suitability for meeting the needs of the child, not on the cost to the LA. We recognise that this cannot happen overnight, so **the government must lay out a timescale and roadmap for how and when the commissioning of foster care will operate on a level playing field.** This should include assessing the training needs of commissioners within LAs.

**Recommendation 2: Splitting purchaser and provider functions of LAs.** For a level playing field to work the purchaser and provider functions of in-house provision must be separated. This would require the commissioning team to be institutionally separate from the LA placement team, either in a Chinese-walled environment, or in a completely separate commissioning body.

**Recommendation 3: The government should introduce a new statutory requirement for LAs to maintain up-to-date information on children placed with them, including how long children are waiting for a placement that meets their assessed needs.** This should be published at regular intervals in order for the public to be able to hold LAs to account.

116 Price Waterhouse Coopers, Children’s Services, Children’s Homes and Fostering, Report for the Department for Education and Skills, 2006, p. 7

**Recommendation 4: The Secretary of State should take action where LAs are seen to be failing.** The government must make it clear that the Secretary of State is willing to take action against those LAs deemed to be underperforming in terms of the commissioning of suitable foster care placements. This might include requiring a Local Authority to hand over its fostering services to another fostering provider (another LA or consortium of LAs), or removal of the official in charge of fostering provision in the LA (being replaced by a government-appointed official), should that LA underperform in its provision.

We support the expansion of pilots of SWPs and believe that they offer an excellent solution to social work churn, as well as protracted and hierarchical decision making. Those newly piloted SWPs should be given the full support as set out in contracts with LAs especially in the provision of placement budgets. A future report will consider the role of SWPs in social work more generally.

**Recommendation 5: The government should pilot the outsourcing of foster care provision in a number of LAs.** Establishing a 'level playing field' in foster care provides a good solution to the current problems. However, experience from other countries suggests that, if designed correctly, outsourcing can be an effective delivery mechanism for fostering services. This should be conducted through a pilot of outsourcing in several LAs, in conjunction with a well-established and consistently outstanding independent agency or range of agencies.

**Recommendation 6: Developing a payment by results model.** We believe that, as part of the pilot of outsourcing of foster care provision, the government must work with experts, academics and those with international experience in the field to develop a payment by results model relevant to the foster care system. This should be used as part of the pilot. The pilot should also include a significant increase in data collection and analysis that is used to feed back into the payment by results model. A full evaluation strategy must also be implemented.

The recommendations laid out in the previous chapter tackle only some of the problems outlined in the first three chapters. Paying fees, moving to a more formally tiered system and expanding the 'shared care' concept might help to increase the number of foster carers and the professionalism of the care they provide, but they will not resolve the problems associated with the commissioning process. Neither will they do anything to tackle the inherent conflict of interest of local authorities acting as both purchaser and provider in the system. This chapter explores these problems and offers recommendations for reform.

### In-house first

Commissioning of foster care placements by local authorities from independent agencies has been a formalised process for a number of years. The DCSF's Practice Guidance of 2009 states that 'LAs are recommended to act together in regional consortiums to approve a list of pre-qualified or preferred providers of foster placements'.<sup>117</sup> The result has been the development of a number of large regional commissioning partnerships such as the Peninsula Tendering Project in the South West.

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117 Sellick, Clive, 'Commissioning Permanent Fostering Placements from External Providers: An Exploration of Current Policy and Practice', *British Journal of Social Work*, 2010, pp. 1–18

In theory, this sounds like a reasonable solution to the historically inefficient and costly commissioning processes we highlighted earlier. However, a recent study found that ‘...external commissioning [continued to be used] as a last resort once internal LA resources were exhausted’.<sup>118</sup> This suggests that the previous practice of LAs looking inside first, despite the potential advantages of external placements (both in terms of quality and cost), has continued. It also means that potentially experienced carers in IFPs who do not make it onto a preferred providers list remain unused in a time when we vitally need to increase placement choice options. Where LAs have engaged with IFPs, there are complaints that LAs have approached negotiations with a lowest-cost mentality, asking for discounts. While it might be argued that this is an effective tool in minimising costs, it does highlight the focus on costs rather than quality and care outcomes.<sup>119</sup>

The perception of lower costs of internal placements also remains and while LAs continue to act as both purchaser and provider this belief will always lead to a preference for in-house provision. We have already highlighted that this conflict of interest is not a new thing. In 2006 PwC noted that ‘the ability of local authorities to match places may be distorted by the prioritisation of in-house services’.<sup>120</sup> The report went on to identify the problem as follows:

*LAs act as provider and commissioner and fill in-house capacity as a priority. This inhibits market development. All the occupancy risk is carried by external agency providers and those agencies with better quality provision might still lose out to in-house provision.*<sup>121</sup>

The DCSF itself agreed that, ‘It is common practice in some areas to place a child or young person with in-house provision first, as these services have to be used to capacity to keep them financially viable. **In these cases, service structures and budgets are driving the decision, rather than assessment of need.**’<sup>122</sup>

Another recent report confirmed the existence of this approach, stating that ‘...most, not some, LAs resort last to external commissioning as a budgetary reduction strategy.’<sup>123</sup> Aside from the worrying conclusion that costs trump quality and good placement matching, it also seems that LAs understanding of costs is not always accurate. As an example, PwC’s report found that while one LA reported in-house unit costs of a foster placement to be £433 a week, a separate review of the costs found them to be in the region of £634 a week. The report went on to describe that ‘...access to useful, granular, robust and comparable data on vacancies, costs, local market trends and quality is lacking. In addition, commissioning skills and capabilities in local authorities are often in short supply.’<sup>124</sup>

With a near 50% underestimation of the costs of in-house provision, little access to quality data and below-standard skills, it is hardly surprising that commissioners will choose in-house provision first. Our own research has shown the very real impact of these failings, with children ‘waiting’ for significant periods for a placement that met their assessed needs and methods of data management that were at best inconsistent and at worst non-existent.

However, these problems are not new. In 2010, the government identified a number of ‘key gaps’ in the system. The Sufficiency – Statutory guidance on securing sufficient accommodation for looked after children, published by DCSF in 2010 stated:

118 Ibid, p. 7

119 Sellick, Clive, ‘Opportunities and Risks: Models of Good Practice in Commissioning Foster-Care’, *British Journal of Social Work* (2006) 36, p. 1350

120 Price Waterhouse Coopers, Children’s Services, *Children’s Homes and Fostering*, Report for the Department for Education and Skills, 2006, p. 10

121 Price Waterhouse Coopers, Children’s Services, *Children’s Homes and Fostering*, Report for the Department for Education and Skills, 2006, p. 15

122 Our boldening. Cited in Sellick, Clive, ‘Commissioning Permanent Fostering Placements from External Providers: An Exploration of Current Policy and Practice’, *British Journal of Social Work*, 2010, pp. 1–18

123 Ibid

124 Price Waterhouse Coopers, Children’s Services, *Children’s Homes and Fostering*, Report for the Department for Education and Skills, 2006, p. 7

In relation to strategic commissioning for looked after children, research with providers and commissioners suggests the key gaps are:

- quality of individual needs assessments and care plans;
- strategic needs assessment and demand analysis;
- market management;
- regional and sub-regional collaboration;
- procurement including purchasing and contract management;
- adopting a whole system approach to designing universal, targeted and specialist services to improve outcomes for looked after children and children in need at risk of care or custody; and
- involvement of children in placement decisions.

This reads less like ‘key gaps’ and more like a criticism of the entire process. It seems entirely possible that the commissioning system has always been about minimising costs not maximising care outcomes and has enabled LAs to manage the market with little concern for genuine collaboration. Addressing these shortcomings is vital to successful commissioning and delivering better outcomes for children in the fostering system.

### Innovations in UK practice and lessons from abroad

The sections above have highlighted some of the key failings and consequences of the foster care commissioning system in England and Wales. However, there are some good examples where the commissioning process has sparked a number of innovations which may hold some promise for the future.

#### Devon

Devon have implemented an ‘option appraisal’ system as part of their sub-regional commissioning process. The system was deliberately designed to bring competition into fostering provision. This followed an evaluation of outcomes for children that revealed a correlation between better choice in provision and better outcomes for the children in care. The system encompassed a pre-qualification stage, with providers having to meet certain standards set by the LA which then drew up a preferred providers list. After the pre-qualifications were decided and tenders completed the LA was in a position to purchase where it needed to. DCSF recorded that:

*...instead of social workers having to search for a service, they now have to specify the child’s needs and desired outcomes for the placement. This is sent electronically to all pre-qualified providers, who express an interest by submitting proposals for a package of support which show how they will meet needs and deliver positive outcomes. A multi-agency team evaluates how each proposal meets the five Every Child Matters outcomes. This process follows a clear protocol and the results are summarised in a matrix. Only after options have been appraised as suitable does the price become a factor.*

This sounds like an excellent innovation. The child’s needs are at the centre of the process and there is a focus on outcomes, rather than costs. This is exactly our view of where the focus of foster care commissioning should be placed. However the option appraisal still comes after exhausting in-house provision as initial

searches for a suitable placement are confined to the in-house provision. Only then, 'if no suitable placements are available countywide', will the child's social worker apply to search external fostering providers.<sup>125</sup> This is the options appraisal process in practice. Since the options appraisal does not happen until all else has been tried, it preserves the LA in-house bias.

It is worth considering why a broader options appraisal is not adopted at the beginning of all available provision so maximising choice and increasing the competitiveness of the placements on offer. A discussion with the Devon Local Authority revealed that considerable market analysis and preparation had been conducted before adopting the options appraisal process, contacting and liaising with local IFPs as well as the in-house fostering service. It was established that the LA fostering service was not ready to move too quickly towards the level of competition that a level playing field would need as the in-house service lacked both knowledge of costs and relevant business skills to compete successfully. However, the LA is now moving towards the level playing field approach. Thus, it seems that introducing competition successfully is a question of timing and preparation, rather than anything more significant. We will watch with interest to see how far towards full options appraisal the process moves.

### Gloucestershire

Gloucestershire County Council also took an innovative approach in April 2008 when it decided to start 'levelling the playing field' in the provision of children's services. Their public statement on the decision noted that by levelling the playing field '...all sectors go through the same process. This process will be delivered by the Commissioning Board, with representation from all sectors.' In attempting to make sure that money is spent in the most appropriate way, an 'open, competitive and non-biased approach' was adopted. The intention was 'to create an open and competitive mixed market of providers for children's services across sectors (statutory, private, not for profit, voluntary, and community) with all able to operate with an equal level of information and understanding of the process.' The approach was commended by DCSF in 2010 as the department noted:

*Gloucestershire has adopted a level playing field between internal and external provision for commissioning fostering services for children and young people aged 12 and above. Outcome-focused commissioning forms are sent to a group of prequalified providers and the Local Authority's in-house services at the same time. These forms detail identified needs (based on core and other assessments), outcomes and timescales for delivery. The provider responses are anonymised so that the commissioning decision is made on a needs and outcomes basis. While the new strategy is still in the early stages of implementation, there is evidence that this approach is moving the operation of in-house services to a more business-oriented approach. The new commissioning arrangements have also resulted in positive market engagement which has reduced unit costs and increased placement choice.*

However, the move towards this level playing field encountered problems primarily because the in-house service found itself ill-equipped to compete with the independent sector. This was due in part to the LA having a poor grasp of in-house 'sunk' costs, such as rent or other overheads. Despite this, the latest Ofsted report commends the overall approach to fostering in Gloucestershire.

125 [http://www.proceduresonline.com/devon/childcare/chapters/p\\_place\\_fost\\_care.html](http://www.proceduresonline.com/devon/childcare/chapters/p_place_fost_care.html)

There is therefore a growing acceptance that a level playing field is the best option for children in care<sup>126</sup> but also recognition that this requires extensive market preparation and time to prepare the LA provision for this change.

### Social work practices

Another recent innovation has been the establishment of independent social work practices (SWPs), which have been running on a pilot basis since 2008 in Hillingdon, Kent, Liverpool, Staffordshire and Blackburn with Darwen. More pilots have recently started in Bristol, North Tyneside with Northumberland, Peterborough and Wakefield. The proposal for social care practices (which subsequently became social work practices in 2007) was outlined in the Green Paper, *Care Matters: Transforming the Lives of Children and Young People in Care* of 2006. Based on GP practices, the Green Paper identified the model as one which had the

“Removing in-house bias is an important step towards reforming the fostering system and how placements are made”

potential to provide a stable, consistent social work service for children in care.

SWPs are social worker led organisations (although they may employ a range of staff such as psychologists or learning specialists)

that provide the social work services for those children in care although the LA remains the corporate parent.<sup>127</sup> SWPs are independent of an LA although LA social workers are encouraged to ‘spin out’ from the LA to form their own SWP. SWPs can take a variety of models, but the report’s preferred set-up was that of the professional partnership which consisted of a group of six to ten partners, a majority of whom would be social workers. This partnership would have a contract with the LA to both provide social work for looked after children, and to commission services that it could not provide itself.

The original proposals in the Green Paper explained that, ‘Each practice would hold a budget, provided through the contract with the authority, and would use it for individual social workers to fund the placement, support and activities that they believe ‘their’ children should have. Social workers would be given the autonomy and the freedom from a complex management structure needed to be able to put the child above everything else.’<sup>128</sup>

The model of the SWP embodies the current approach to reforming and delivering public services. SWPs are locally based but devolved from the LA, and more importantly social work professionals directly run the practice and have a much more highly valued stake in the performance of the organisation. Accountability is secured through outcomes based contracts thus introducing payment by results into the delivery of care. Not only do SWPs seek to reduce social work churn but also place social workers back next to the child.

It is too early to provide a full evaluation (which should be available in late 2012) but the Department for Education has highlighted a number of benefits including more contact time between social workers and children in care; increased staff satisfaction; and more responsive services.

The experience also shows some of the difficulties associated with moving control of the LA. The model currently enables SWPs to commission fostering services through service level agreements, accessing local placements as well as those provided by external providers. This fits well with our view that

126 Note the recent seminar from the Nationwide Association for Fostering Providers, June 2011, which listed establishing a level playing field as a ‘critical action’; available at [http://www.nafp.co.uk/userfiles/NAFP%2007\\_06\\_11.pdf](http://www.nafp.co.uk/userfiles/NAFP%2007_06_11.pdf)

127 Department for Education, *Social Work Practices – FAQs*, March 2011; available at <http://media.education.gov.uk/assets/files/doc/s/social%20work%20practices%20-%20faqs%20march%202011.doc>

128 *Care Matters: Transforming the Lives of Children and Young People in Care*, 2006. p. 35

commissioning should be based on need, not on costs. However, not all SWPs are receiving their placement budgets from the LA, which is hampering their operations in some instances. It seems that, here too, LAs are reluctant to relinquish control of foster care provision.

## Recommendations

It is our view that the innovations in Gloucestershire and Devon are steps in the right direction. They start to put the needs of children at the centre of the foster care commissioning process and redirect focus away from costs and on to outcomes. This has led to better appreciation of the true costs of LA provision and opened up placement choice. For this reason the government must commit itself to ensuring that LAs do not prioritise their own in-house provision. This distorts the market in provision, limits the options for children entering care and leads to cost, rather than need, determining placement. Removing this in-house bias is an important step towards reforming the fostering system and how placements are made. To deliver this, we recommend that:

**Recommendation 6: The commissioning of foster care should move towards operating on a level playing field.** This approach would encourage more providers into the market and would allow for greater choice for children from the beginning of their time in care. By aiming for a 'level playing field' with anonymous bids for placements from both LA placement teams and approved independent providers at the same time, LAs would be forced to have a more realistic and better informed knowledge of their costs and prices as IFPs do. Placement options would be evaluated on the basis of suitability for meeting the needs of the child, not on the cost to the LA.

**Recommendation 7: Splitting purchaser and provider functions of LAs.** For a level playing field to work, the purchaser and provider functions of in-house provision must be separated. This would require the commissioning team to be institutionally separate from the LA placement team, either in a Chinese-walled environment, or in a completely separate commissioning body. Any proposed move back into in-house provision would have to be referred to this commissioning team. A change in attitude must be secured, whereby placement decisions are no longer dominated by considerations of cost but are based on meeting needs. Part of this change means reconsidering the expertise and background of commissioners themselves. It seems sensible to require commissioners to spend time in social work teams as well as meeting carers and children in care, not least because many commissioners have little appreciation of the complexities involved in placement matching in foster care.

While we believe that this system would tackle many of the commissioning problems that we have outlined, we also recognise that this new system could not be delivered overnight. There is a long-standing bias towards in-house provision and the experience of Social Work Practices has shown the reticence of some LAs to relinquish control of their fostering services. The experience of Devon and Gloucestershire also show that such a move would need market preparation and, importantly, buy-in from LA commissioners since, without their support, the system will fail. For this reason we recommend that:

- **The government lays out a timescale and roadmap for how and when the commissioning of foster care will operate on a level playing field.** This should include assessing the training needs of commissioners within LAs.

A key problem in commissioning, highlighted above, is that LAs do not have the information on costs, available placements, quality of placements and outcomes. Without an understanding of this data between LA and IFP provision, commissioners will never move away from an in-house bias. Furthermore, residents of LAs will not be able to hold them to account over the outcomes they provide for fostered children. Previous reports and our own research showed how lacking this information can currently be in LAs. For this reason, we recommend that:

**Recommendation 8: The government introduces a new statutory requirement for LAs to maintain up-to-date information on children placed with them, including how long children are waiting for a placement that meets their assessed needs.** This should be published at regular intervals in order for the public to be able to hold LAs to account.

**Recommendation 9: The Secretary of State should take action where LAs are seen to be failing.** Publishing this data would have no impact if there was no way to incentivise LAs to perform well. For this reason we believe that the government must make it clear that the Secretary of State is willing to take action against those LAs deemed to be underperforming in terms of the commissioning of suitable foster care placements. This might include requiring an LA to hand over its fostering services to another fostering provider (another LA or consortium of LAs), or removal of the official in charge of fostering provision in the LA (being replaced by a government-appointed official), should that LA underperform in its provision. These powers already exist under the same legislation that allows the Secretary of State to take action against failing schools and LAs deemed not to be performing well in their adoption services. However, to our knowledge they have never been used. Publishing data on performance would provide an obvious opportunity for the government to take a firm, transparent and reasoned stance against LAs who are failing to provide adequate and appropriate foster care through its own provision and that of IFPs.

**Recommendation 10: We support the expansion of pilots of SWPs and believe that they have the potential to offer an excellent solution to social work churn as well as protracted and hierarchical decision making.** Those newly piloted SWPs should be given the full support as set out in contracts with LAs especially in the provision of placement budgets. A future report will consider the role of SWPs in social work more generally.

## Outsourcing

These recommendations attempt to tackle the long-standing conflict of interest and biases within the foster care commissioning system in England and Wales. They could be implemented swiftly and, in conjunction with our recommendations for how to increase the number of foster carers, could increase the quality of foster care and the outcomes of the children who enter the system.

However, it is also right that we are bold about the future potential for improvement in the foster care system. While these recommendations would take us in the right direction, there is a risk that biases will remain and in-house provision would still be the predominant choice. LAs are also now facing significant cut backs and, across the whole range of public services, after decades of expansion (sometimes with little tangible benefits in terms of quality and outcomes), more open discussions are starting to be had over how services may be delivered in the future. This is no less true for fostering.

The protection and care of children is one of the vital services that the state has traditionally provided but over the last two decades there has been a growing trend in some countries towards privatisation, increased competition between providers as well as full scale outsourcing of fostering services to a lead agency (such as Kansas). As the report on SWPs concluded, 'Changes in child care systems have in common the following: there is a clear separation between commissioning and the provision of services, they have privatisation as an ingredient, and they affect or are more directed towards the supply-side of the care system.'<sup>129</sup>

The fact that there are now nearly 300 independent fostering providers, a figure up from 62 in 1998 clearly demonstrates this trend.<sup>130</sup> However, as shown in the debate regarding Social Work Practices, there is much discussion as to how best separate out the purchaser and provider functions of local authorities, how contracts with providers should be structured, how accountability can be ensured and how outcomes should be measured if outcomes based contracting were to be adopted.

In the UK, Suffolk County Council has been planning to divest most of its public services including its adoption and fostering services, so, in some respects, the debate is already unfolding. Alternatively, as in Birmingham or Kent, the emphasis is on less and less external commissioning and use of IFPs in order to save costs. The case for 'insourcing' is therefore being made loudly in the face of budget restrictions. A recent report from APSE for UNISON included a survey of 140 local authorities which showed that 57% '...had either brought a service back in-house, were in the process of insourcing or were considering doing so.'<sup>131</sup>

Insourcing, according to the research, delivers 'greater flexibility, increased efficiency and reducing costs and time associated with contract monitoring.'<sup>132</sup> However, it is unclear to us how such a decision can be accurately made until an open playing field is delivered and a full appreciation gained of the costs and benefits of LA versus IFP provision for each particular child. Until this situation has come about, we should be open minded about where the future lies for foster care provision in England and Wales. Again, it is informative to look to examples from abroad where there is precedent for outsourcing foster care, primarily in the USA and Australia (privatisation has also made inroads into Swedish residential care). If further outsourcing is really to become the preferred model there are vital lessons to learn from this international evidence.

## International experience

### Sweden

In Sweden, a distinction exists between foster homes and homes for care (neither of which are residential care homes) following legislation in 1980. This enabled foster homes, with four or more children and where the foster parents main income came from fostering, to be defined as a residential unit. All forms of

129 Le Grand, *Consistent Care Matters: Exploring the potential of Social Work Practices*, 2007, p. 32

130 Sellick, C (2011), 'Independent fostering providers. Predators or pioneers, partners or procured', *Adoption and Fostering*, Vol 35, 1, pp. 33– 43 (p. 33)

131 Insourcing update: The value of returning Local Authority services in-house in an era of budget constraints, UNISON, June 2011, p. 4

132 Ibid, p. 4

residential care (although excluding traditional foster care) came under the heading of Hem för Vård eller Boende, HVB (Home for care or residence).<sup>133</sup> As a result, there has been a shift to small family style homes or FSH (many run privately) for four or five children with the corresponding distinction between 'residential care' and 'foster care' being less relevant.

There are three main types of residential setting in Sweden – private institutions, FSH and institutions run by the public sector; approximately 80% of all institutions are run privately. FSH are supposed to have a more 'home like' feel where young people are able to stay for a long period and are purposely not intended to be like an institution.

Interestingly, public institutions had the highest proportion of qualified staff at approximately 75%, with only 39.3% in family style homes but FSH had lowest staff-resident ratio at 0.7 whereas it was highest in the public institution at 1.5.<sup>134</sup> FSH were also far less likely to take children who have sexually abused others, an obvious concern given the setting. Public institutions became more 'exclusive' as residential care was scaled back so more problematic youths were excluded. As the private market took off in Sweden providers found that they could expand into this market.<sup>135</sup> Crucially however, the authors of recent research note that:

...it is not known whether private institutions are good at helping antisocial youths with behavioural problems or whether family-style homes are good at helping maltreated youths to a better life. Neither is it known whether institutions in the public sector, with their well-educated staff and high staff-resident ratio, are good at helping their young residents. Through the privatisation of residential care, society has disclaimed responsibility for the supply of residential care settings adapted to the needs of the youths they serve. Very little is known today about treatment outcome in residential care in Sweden.<sup>136</sup>

Aside from Sweden the most oft-cited examples of outsourcing of foster care services are Southern Australia, Kansas and Illinois. Some states have contracted adoption and foster care together, others just adoption. Identification and prevention of abuse remains in the hands of the state however, despite the outsourcing of delivery. Results in these areas have also produced mixed results, but may contain some useful lessons for the UK should outsourcing prove a possibility as in the case of Suffolk.

### Australia

Barber's work on tendering for out of home care in Southern Australia is instructive on the potential pitfalls of outsourcing. The foster care service in Southern Australia was restructured in 1997. Tendering took place for the assessment, training and ongoing support of foster carers across two metropolitan areas. However the tendering process was restricted to not-for-profit agencies only, thereby '...limiting competition to the agencies that had previously provided foster care services under grants from FACS.'<sup>137</sup> Through the tendering process, two providers were decided upon but a last minute intervention by the Minister for Family and Community Services meant that only one provider was chosen. The result was a monopoly of provision, with serious consequences including the loss of other foster care services and a corresponding decrease in the quality and quantity of placements available.

133 Jan Johansson, Bengt Andersson, C. Philip Hwang, 'What difference do different settings in residential care make for young people? A comparison of family-style homes and institutions in Sweden', *International Journal of Social Welfare*, 2008, 17, pp. 26–36

134 Ibid

135 Ibid

136 Jan Johansson, Bengt Andersson, C. Philip Hwang, 'What difference do different settings in residential care make for young people? A comparison of family-style homes and institutions in Sweden', *International Journal of Social Welfare*, 2008, 17, pp. 26–36 (p. 35)

137 Barber, James, 'Competitive Tendering and Out-of-Home Care for Children: The South Australian Experience', *Children and Youth Services Review*, 24, (3) 2002, pp. 159–174 (p. 170)

Any attempt to construct contracts should bear in mind that poorly managed outsourcing led to the establishment of monopolies in foster care provision, to the disadvantage of smaller agencies. This meant less diverse placements and undermined one of the key strengths of the independent sector. Moreover, tight and competitive contractual arrangements actually hindered innovation, as the independent sector simply became an agent of the state. As Sellick recorded:

...the perils identified in the American and Australian studies may await successful bidders of outsourced contracts. They may have underestimated their costs in order to undercut their competitors. In so doing, they may have to reduce their services to children and foster carers. Doing the former may jeopardise their ability to recapture contracts when these are reviewed and doing the latter may risk undermining foster carer satisfaction and retention.<sup>138</sup>

### Kansas

Kansas was divided into five regions for the provision of foster care and bidding for contractors was conducted for each of the five regions. The contracts were offered for four year periods and prices were negotiated per child, i.e. flat-rate fees. By contrast, a state-wide contract was offered for adoption. The state laid down certain performance standards that had to be met by contractors for example in foster care, children were to have no more than three placement moves and 65% of children had to achieve permanency within 12 months of referral. Under the adoption contract, 70% of children had to be placed within 180 days of referral and 90% of adoptions had to be intact for 18 months from finalisation. Kansas also used profit capping in their contracts with contractors only keeping a certain amount of the savings they generated.

The initial results for fostered children were disappointing mainly because contractors underestimated their costs, and the time it took to place a child, so they were making considerable losses. As a consequence, in 2000 the contracts system switched from a per child fee to a per month fee. While the quality of data about children's needs and their respective costs, and the quality of services has improved, '...no definite statements can be made about whether privatisation was indeed effective'.<sup>139</sup> As a by-product, the budget for child welfare in Kansas increased by 178%.

While the shift from the 'per child' to 'per month' fee helped the contractors with their costs it reduced the incentive to place children quickly. This disincentive was tempered by contractors having to reach certain outcomes for contract renewal but this only serves to highlight the complexities of incentives in this market where children could either be left in an unsuitable placement because of the need to reduce placement moves or, not placed for a while because the payment is no longer linked to the child. A further problem encountered in Kansas centred around the length of contracts: longer contract terms increase the incentive to bid for a contract so in theory should open the bid up to better services and lower costs. However, at the same time, longer contracts can lead to the emergence of monopolies. This can be mitigated by having a four year contract subject to annual renewal.

### Illinois

Illinois has also been at the forefront of outsourcing foster care provision. Historically as a state, it has had extremely high numbers of children in foster

138 Sellick, Clive, 'Towards a mixed economy of foster care provision', *Social Work & Social Sciences Review*, 13 (1) 2007, pp. 25–40.

139 Blackstone, Buck and Hakim, 'Privatizing adoption and foster care: Applying auction and market solutions', *Children and Youth Services Review*, 26 (2004), pp. 1033–1049 (p. 1039)

care, who have stayed there for growing lengths of time. This was coupled with very high social work caseloads. In 1997, the decision was taken to privatise foster care provision in Cook County with the two aims of reducing the foster care population and achieving higher numbers of permanency. As under the revised contract in Kansas, private agencies were paid a monthly fee per child and were expected to place 24% of children into permanent homes each year. This 24% standard was set to reduce the average stay in foster care from 56 months to 48 months. If the agency did not reach the required percentage, then the state might not use that particular agency again. In other parts of Illinois, providers received US\$2,000 for each child placed after 24% reached (part of the Federal Adoption and Safe Families Act of 1997). This so-called ‘soft-incentivisation’ achieved dramatic results as adoptions rose by 94% from 1997 to 2003, the permanency rate rose from 2–4% to 12–23% all while costs fell.<sup>140</sup>

In contrast to Kansas the outcomes were more encouraging: ‘...only when performance contracting was initiated did the Illinois system achieve its good results. More children achieved permanency that led to lower caseloads and improved quality of service to children remaining in the system.’<sup>141</sup> The foster care caseload diminished from 51,000 in 1997 to 22,000 in 2003, adoptions increased from 1600 to 3100 and in the nine years prior to performance contracting only 2–4% achieved permanency whilst in the five years after performance contracting was introduced the rate ranged between 12% and 23%.<sup>142</sup> The median duration for a child in foster care diminished from 40 months in 1996 to 25 months in 2002; moreover ‘in spite of inflation and improved services, the total funding declined between 1996 and 2003 by 3.5%.’<sup>143</sup>

Reviewing both cases, Blackstone et al note, ‘Kansas’s system led to improvement in the actual number of adoptions. Its incentive method of fixed price per child failed because contractors lack control over court procedures and medical costs. The revised system of per month payments lacks the incentive for prompt placement. Kansas also created unnecessary monopolies. Illinois’ performance contracting was highly successful in achieving permanency. It reduced the foster care population, the time children remain in foster care, eliminated inefficient providers, and allowed more concentrated effort to be devoted to the hard to place children. It provided a framework for managed competition where the public and private providers compete. Other than possibly being too complicated, Illinois provides the best of the three traditional methods of private sector involvement in the foster care and adoption field.’<sup>144</sup> Separate evaluations of these changes in child welfare were also positive. Evidence to the United States General Accounting Office in 2000 concerning the outcomes from payment by results stated that outcomes were being measured according to five categories; child safety, permanency, child and family well being, stability and satisfaction.<sup>145</sup> The evaluation found improvements in permanency for children and better relationships between children and their families which was reflected in improved school performance for the children and positive involvement in their communities.<sup>146</sup>

In terms of lessons to learn, the Child Welfare League of America report on Kansas subsequently drew attention to the core components of outsourcing success noting that, ‘...rapid systemic changes are not advisable, reliable cost data are crucial, outsourcing will not necessarily control costs and outcomes and

140 Sturgess and Cumming, *Payment by Outcome, A Commissioner’s Toolkit*, 2020 Public Services Trust at the RSA, 2011, p. 97

141 Blackstone, Buck and Hakim, ‘Privatizing adoption and foster care: Applying auction and market solutions’, *Children and Youth Services Review*, 26 (2004), pp. 1033–1049

142 Ibid

143 Ibid

144 Blackstone, Buck and Hakim, ‘Privatizing adoption and foster care: Applying auction and market solutions’, *Children and Youth Services Review*, 26 (2004), pp. 1033–1049 (p. 1047)

145 GAO, CHILD WELFARE, *New Financing and Service Strategies Hold Promise, but Effects Unknown*, Statement by Cynthia M. Fagnoni, Director: Education, Workforce, and Income Security Issues; Health, Education, and Human services Division, 2000, p.6; <http://www.gao.gov/archive/2000/he00158t.pdf>

146 GAO, CHILD WELFARE, *New Financing and Service Strategies Hold Promise, but Effects Unknown*, Statement by Cynthia M. Fagnoni, Director: Education, Workforce, and Income Security Issues; Health, Education, and Human services Division, 2000, p.12; <http://www.gao.gov/archive/2000/he00158t.pdf>

performance measures are critical and must be refined based on experience'.<sup>147</sup> These are important messages for any possible move toward outsourcing here in England and Wales.

## Recommendations

International experience has shown us that there are many pitfalls to avoid in any move toward outsourcing in the foster care system. However, it has also shown that, when designed correctly, outsourcing does have the potential to be successful. However, with such risks around costs and system failure, it is unlikely that such a move could be made without first testing the effectiveness of the approach and refining it based on real experiences. For this reason we recommend that:

**Recommendation 11: The government should pilot the outsourcing of foster care provision in a number of LAs.** This should be undertaken in conjunction with a well-established and consistently outstanding independent agency or range of agencies.

It is clear that for this sort of approach will require both accurate data and well structured outcomes based contracts. However, it is also clear that this area of policy, in particular a potential payments by results model for foster care, is in its infancy. It is our hope that this report and our recommendation of a pilot will stimulate discussion as to how this could be successfully implemented. Contracts based around payment by results need identifiable outcomes to make them workable. A potential problem with this approach in foster care is actually identifying and measuring outcomes especially over the longer-term and where proving causality for a met or unmet outcome may be difficult. Moreover, whether a provider meets the outcomes is usually calculated based on averages meaning that, in foster care, one child who dramatically failed to meet certain outcomes for whatever reason could skew the results and give a misleading impression of the success or otherwise of the provider.

One way round this could be to account for each child individually. At first sight this would appear to be an extremely laborious task with 47,000 children to be accounted for. However, foster carers currently have to record a daily log about the child in their care so there is already some form of child based monitoring in existence. It is also possible that this issue could be addressed through the tiered model. For instance, if this was laid out according to the needs of the child and the experience of the carer, it is more feasible to set reasonable outcomes for any particular cohort.

Aside from individual accounting, other average based methods have been tried; the outcome categories reviewed by the General Accounting Office show particular promise here as they cover a wide range of outcomes. These include child safety, a permanent home for the child, child and family well-being, the stability of out-of-home placements and the client's satisfaction with the services they received. In reviewing the outcomes however, one of the key issues raised in the evidence to the GAO was the necessity for states and local agencies to '...improve their capacity to collect, analyse, and report client service and data. Such data are paramount... to set reasonable and appropriate payment rates and performance standards, make additional programmatic changes or give service providers feedback'.<sup>148</sup> Such data improvements would clearly be necessary here.

These considerations around model design and data collection and management lead us to recommend that:

147 Child Welfare League of America (2003) *An Assessment of Privatization of Child Welfare Services: Challenges and Successes*, by Madelyn Freundlich and Sarah Gerstenzang. Washington D.C., 2003, p. 49–61, 64–71

148 GAO, CHILD WELFARE, New Financing and Service Strategies Hold Promise, but Effects Unknown, Statement by Cynthia M. Fagnoni, Director: Education, Workforce, and Income Security Issues; Health, Education, and Human services Division, 2000, p.3; <http://www.gao.gov/archive/2000/he00158t.pdf>

**Recommendation 12: The government should develop a payment by results model** as part of the pilot of outsourcing of foster care provision. The government must work with experts, academics and those with international experience in the field to develop a payment by results model relevant to the foster care system. This should be used as part of the pilot. The pilot should also include a significant increase in data collection and analysis that is used to feed back into the payment by results model. A full evaluation strategy must also be implemented.

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# 6

## A Foster Care System Fit for Our Children

The foster care system provides vital support to some of our most damaged and vulnerable children. Those children who, for a whole variety of reasons, have been let down or cannot be cared for by their own families. We must aspire to a fostering system in England and Wales that provides the best possible care, with the best possible life chances, for all of the children within it. This is not currently the case.

This report has outlined many areas in which the system of foster care in England and Wales is failing to deliver. There are not enough foster carers and not enough variety in foster carers to deliver the support needed by an increasingly hard to help population of children in foster care. Some LAs are performing poorly in terms of ensuring fast and appropriate placements and children and carers alike are frustrated and disillusioned with the system of social work that does not provide the support that is needed.

We have put forward a range of recommendations to tackle some of these issues. Our recommendations would:

- Introduce a consistent and transparent system of remuneration and compensation for foster carers;
- Tackle the bias of LAs towards in-house provision in order to open up the market and improve placement choice;
- Improve the management of data and require that performance data are published in order to allow LAs to be held to account; and
- Pilot innovative solutions to the delivery of foster care which can be used to inform future reforms to the system.

If implemented these recommendations would:

- Increase the numbers of foster carers and improve the quality of care they provide;
- Improve placement choice and increase the chances of suitable placements – meaning that they should increase placement stability; and
- Allow further innovations to improve delivery and ease cost pressures.

Most of all, they should improve the care that the fostering system gives to the children within it.

These recommendations should also be seen in the context of Policy Exchange's previous report *No Place Like Home*, which recommended reform of the system of adoption in the UK. Future Policy Exchange reports will focus on children's journey into care and the placement choices that are made when children enter care, along with how the social work system might be reformed and improved.

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# Annex 1: Details of Freedom of Information Request

The following text was sent to 150 Local Authorities

## Freedom of Information Act Request

I wish to make three separate requests under the Act. I am sending them together for ease of communication but I wish the requests to be treated separately. I observe the Ministry of Justice's guidance on fees which states, 'if a request is particularly wide-ranging, and therefore likely to be expensive to answer, the authority should consider discussing this with the applicant and see if the question could be refined to a more manageable level, or resubmitted in part, to bring it below the appropriate limit'. Please contact me if this will be necessary to bring this request under the fees limit.

### Request A

Please supply the following information:

As at 31st March 2011, the total number of 'looked after children' in the care of your Local Authority who were waiting for a foster placement that met their assessed need; broken down by:

1. children subject to a care order
2. children subject to an interim care order
3. children looked after under a voluntary agreement

### Request B

Please supply information that details:

As at 31st March 2011, the number of 'looked after children' in the care of your Local Authority that were waiting for a foster placement that met their assessed need and how long these children had been waiting; broken down into the following types of placements (i.e. One child has been waiting two weeks for a short-term placement):

1. Short-term placement
2. Long-term placement lasting under 2 years
3. Long-term placement lasting over 2 years
4. Emergency placement
5. Parent and child placement

Request C

Please supply details as to:

What context and in what numbers, 'looked after children' in the care of your Local Authority who were waiting for an appropriate foster placement (as at 31st March 2011) were placed i.e. in residential care, in a bed and breakfast or remaining with their family.

The foster care system provides vital support to some of our most damaged and vulnerable children. Those children who, for a whole variety of reasons, have been let down or cannot be cared for by their own families. We must aspire to a fostering system in England and Wales that provides the best possible care, with the best possible life chances, for all of the children within it. This is not currently the case. Some 48,530 children are now in a care system that is letting many of them down and is in radical need of reform.

By speaking to those in care and those providing care as well as submitting 150 freedom of information requests this report gets to the heart of the problems with system of fostering in England and Wales. There are not enough foster carers and not enough variety in foster carers to deliver the support needed by an increasingly hard to help population of children in foster care. Some LAs are performing poorly in terms of ensuring fast and appropriate placements and children and carers alike are frustrated and disillusioned with the system of social work that does not provide the support that is needed.

To tackle these failures this report makes a number of recommendations to increase the number of carers and improve the quality of care children receive. They would place an emphasis on quality of placement matches, not on minimising costs and on ensuring that local authorities are held to account over their performance in providing the best outcomes for children in care.