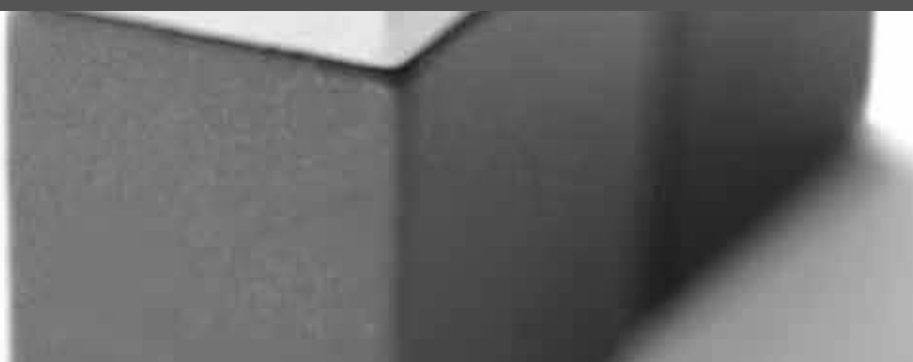


# Getting it right for children in residential care



Prepared for the Auditor General for Scotland and the Accounts Commission  
September 2010



# Auditor General for Scotland

The Auditor General for Scotland is the Parliament's watchdog for ensuring propriety and value for money in the spending of public funds.

He is responsible for investigating whether public spending bodies achieve the best possible value for money and adhere to the highest standards of financial management.

He is independent and not subject to the control of any member of the Scottish Government or the Parliament.

The Auditor General is responsible for securing the audit of the Scottish Government and most other public sector bodies except local authorities and fire and police boards.

The following bodies fall within the remit of the Auditor General:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Enterprise.

## The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 44 joint boards and committees (including police and fire and rescue services).

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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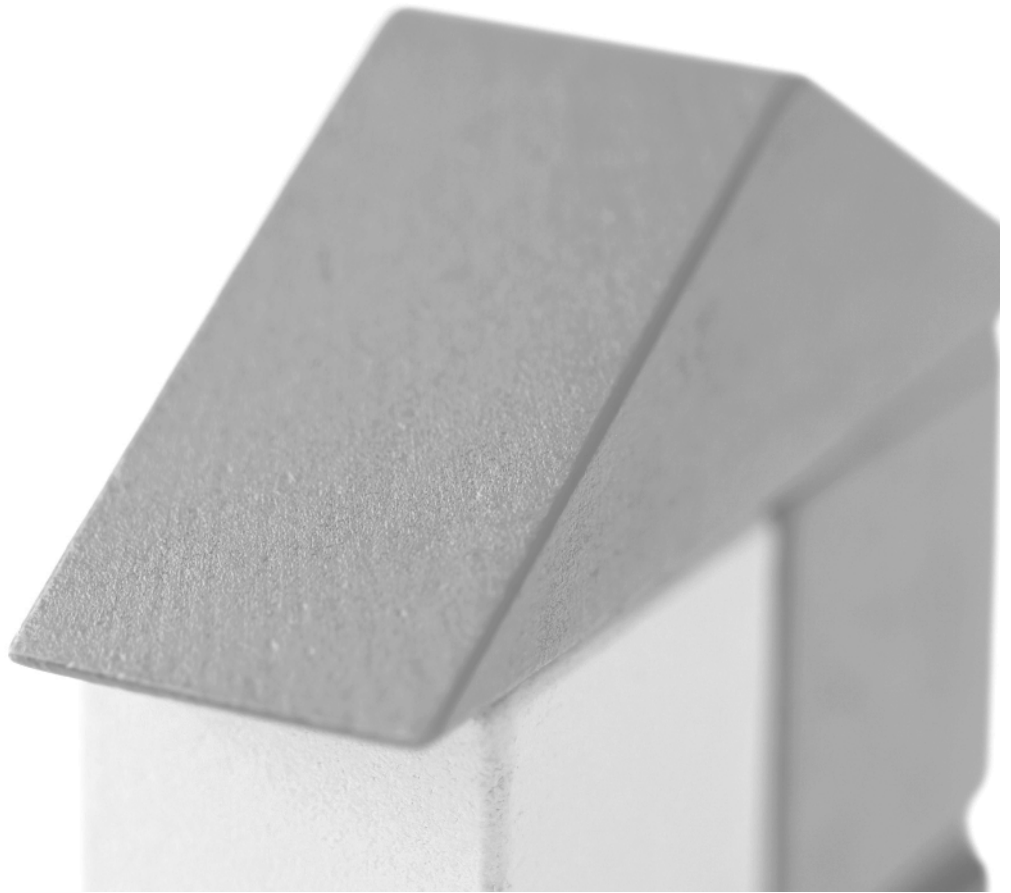
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# Summary



Councils need to improve their joint planning and management of services to help children in residential care to realise their full potential.



## Background

1. Councils have a legal duty to look after children and young people who are placed in their care, through either a voluntary agreement with their parents or a compulsory process such as a children's hearing or the court service.<sup>1</sup> These children may have experienced severe neglect, abuse or trauma. Some have disabilities, sensory impairments, learning difficulties or social, emotional or behavioural difficulties. Working with their community planning partners, councils must act as corporate parents to looked after children, seeking for them what any good parent would want for their own children.<sup>2</sup> Councillors have a key responsibility in making sure these duties are being fulfilled.

2. The number of children who are looked after by Scottish councils has grown steadily over the past seven years, from 11,241 at 31 March 2002 to 15,288 at March 2009.<sup>3</sup> Some children stay in their own home and are supported by a social worker; some are looked after by their council in other home settings but away from their own home, for example with foster carers or with family and friends; and others are looked after in residential accommodation. Around 1,600 children and young people are living in residential care at any one time (about ten per cent of all looked after children).<sup>4</sup> Councils spend around £250 million a year on residential care for looked after children.

## About our audit

3. We examined how effectively councils use their resources on residential placements for their looked after children and identified areas for improvement. Appendix 1 contains details of our methodology.

4. Our work complements the Scottish Government's strategic review of residential child care services in Scotland, conducted by the National Residential Child Care Initiative (NRCCI).<sup>5</sup> Our conclusions support many of the NRCCI's findings about the improvements needed in this important service.

5. Our report is in four main parts, covering:

- background information on looking after children in residential care (Part 1)
- the effectiveness of residential child care services in enabling children to realise their potential (Part 2)
- how effectively councils manage residential child care services (Part 3)
- the cost of residential child care (Part 4).

## Key messages

- At any given time there are around 1,600 children and young people in residential care. They are among the most vulnerable members of our society and many have complex and challenging needs. Professional practice and work with these children is good in many respects, but not all children get the best quality of care and support. Many do not reach their full potential and go on to have major problems in later life. This leads to questions about the extent to which councils are fulfilling their corporate parenting role.

- Both central and local government recognise the importance of improving the lives of looked after children and their families. A lot of public money (around £250 million a year) is spent on these services and it is important that this significant investment in children's lives results in the best possible outcomes in the long term. Expenditure has increased significantly in recent years, but councils cannot demonstrate value for money or that they are achieving an appropriate quality of service for the costs involved.
- Improvements in the way councils manage these services would contribute to improving the care and the longer-term outcomes for the children and young people concerned:
  - Councils do not always have clear strategies and plans in place, either for the service overall or for the care of individual children.
  - There are weaknesses in how councils commission services from independent providers and monitor a child's progress.
  - Where there is good practice, it is not shared well, and improvements are needed in management information.
  - Councils are not fully aware of all the costs involved for both in-house and independent provision and what factors lead to better long-term outcomes for looked after children.

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

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

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

4 *Ibid.*

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

- Given the relatively small numbers of children looked after in residential care across Scotland, there is considerable scope for a national strategic approach. These services can be delivered more effectively but this will require councils to work together, and with their community planning partners, the Scottish Government, COSLA and residential providers, to plan and deliver them.
- The Scottish Government has set up a strategic implementation group to drive forward a reform programme to improve the outcomes for looked after children and young people in Scotland, including those in residential care. All the main organisations involved in planning, delivering and scrutinising services for looked after children are members of the group. However, there is a need for greater urgency and an increased pace of change in order to achieve the planned objectives of the programme.

### Key recommendations

#### Councils should:

- have clear strategies and plans in place for looking after children in residential care, supported by reliable information systems and effective management processes. This will enable officers to plan, monitor and review services based on accurate forecasts of need, and to support councillors in making effective decisions and setting realistic budgets

- improve their approach to commissioning services. This includes: working with other councils, NHS boards and independent providers to plan and purchase residential child care places; developing staff expertise and drawing on others' experience of commissioning; and ensuring that robust contracts are in place with independent providers (service level agreements with in-house providers)
- ensure that care plans are in place and kept up-to-date for every child and that these contain clear actions and measurable outcomes which reflect the needs of individual children
- ensure they understand the costs and quality of all the options available when making strategic service and placement decisions. This will help to demonstrate that they are achieving value for money in residential child care.

#### The Scottish Government and COSLA should:

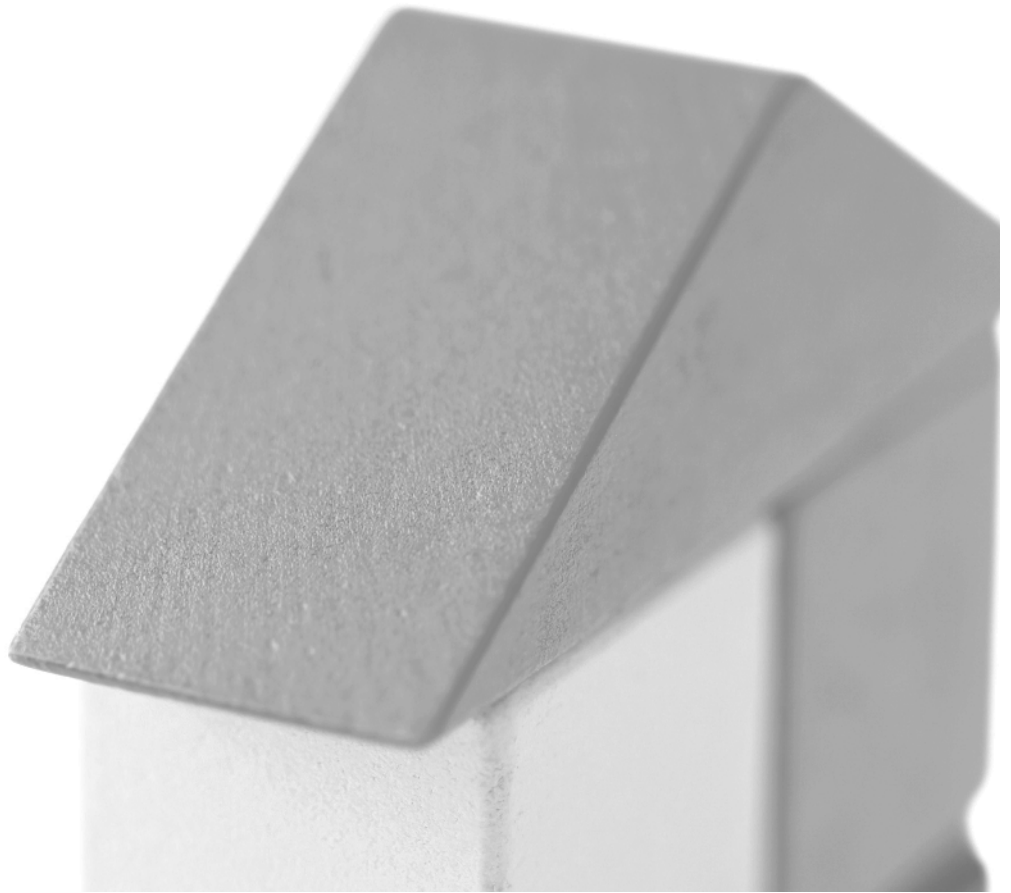
- provide stronger leadership and direction to support councils to plan and improve the management of residential child care to achieve better outcomes for looked after children
- identify in collaboration with councils, NHS boards and independent providers:
  - the factors that lead to better long-term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

- increase the pace of development of a national strategic approach to commissioning specialist services for small numbers of children
- encourage and support councils to work together, with NHS boards and with independent providers, to develop a common standard for service specifications and contract arrangements, ensuring there are systems in place to monitor cost, quality and outcomes.

#### NHS boards should:

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

# Part 1. Looking after children in residential care



Councils spend £250 million a year on residential care for children and young people, many of whom have very complex and challenging needs.



## Key messages

- Children and young people in residential care are among the most vulnerable members of our society. They often have very complex and challenging needs and require specialised services.
- There are only around 1,600 children and young people in residential care at any time, but councils spend about £250 million a year on their placements. While this number has remained relatively stable over the last seven years, expenditure on placements increased by around 68 per cent between 2001/02 and 2008/09.
- Councils are finding it difficult to keep expenditure within budgets. This will be even harder to manage in future as councils face mounting financial pressure.

### Children and young people in residential care are among the most vulnerable members of our society

6. There are around 1,600 children and young people in residential care and they are among the most vulnerable members of our society.<sup>6</sup> Many are there because they have experienced severe neglect, abuse or trauma, have complex disabilities, or social, emotional or behavioural difficulties, including offending or substance misuse.<sup>7</sup> These children and young people live in either residential units (formerly known as children's homes), residential schools (for those who need specialist education and care), or secure accommodation (for children whose behaviour is a danger to themselves or others).

7. For many, residential care is only one aspect of being cared for in a complex system. They may also spend time at home, with foster carers or living with friends or relatives. They are often living in a residential setting because they need specialist care and/or education that they cannot receive through other means. It would be wrong to assume that all these children have no parents or that their parents and families do not care. Often, the parents or families are not coping due to their own difficulties in life and they too have a vital interest in how successfully these services provide for their children.

8. At any given time, there are nearly 15,300 children and young people being looked after by Scottish councils, of whom about ten per cent are in residential care (Exhibit 1).<sup>8</sup>

9. Councils either provide residential child care services or commission these from the voluntary or private

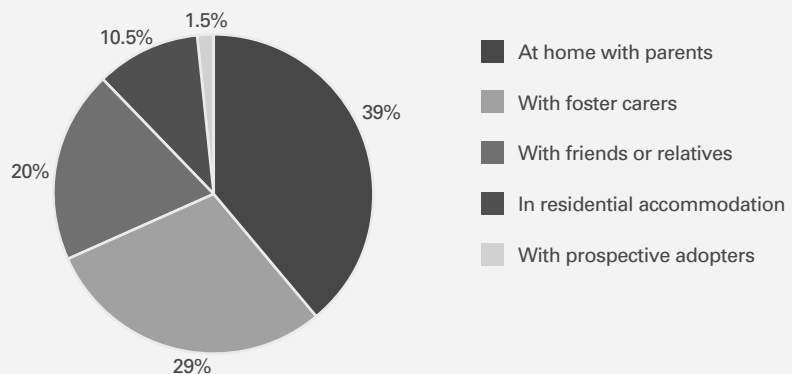
sectors (referred to collectively as the independent sector). Twenty-nine councils run at least one residential unit for looked after children from their own area. There are 101 council-run residential units in total. In addition, two councils (Dundee City and City of Edinburgh) provide secure accommodation, both accepting children from other councils. In the independent sector, councils use over 100 residential child care units and schools in Scotland, run by around 65 individual providers, and around 30 units or schools located in England or Wales.

10. Most residential unit placements are provided by councils, with children attending council-run or independent schools. Almost all the residential school placements and most of the secure care placements, where children live and receive education, are provided by the independent sector (Exhibit 2).

### Exhibit 1

#### Where looked after children live

At 31 March 2009, about ten per cent of looked after children were in residential care.



Source: *Children Looked After Statistics 2008-09*, Scottish Government, 2010

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

7 Scottish Government looked after children and young people website – [www.ltsotland.org.uk/lookedafterchildren/about/why.asp](http://www.ltsotland.org.uk/lookedafterchildren/about/why.asp)

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



**Many children in residential care have very complex and challenging needs**

11. The proportion of children who are looked after by their council has increased steadily over the last decade, rising from just under nine per thousand in 1998 to just under 14 per thousand in 2009. Over the same period, the number in residential child care has remained almost static, varying between 1.3 and 1.5 per thousand children (Exhibit 3). This is around 1,600 children at any one time.

12. Looked after children who are placed in residential care often have the greatest and most complex needs. The NRCCI report describes children and young people who are looked after in residential care as having very serious challenging or self-harming behaviours and a range of mental health disorders, complex disabilities and conditions. As more children with complex and severe impairments survive as a result of medical advances, and certain disorders such as autism spectrum are diagnosed more widely, the needs of the 1,600 in residential care have become more challenging.<sup>9</sup>

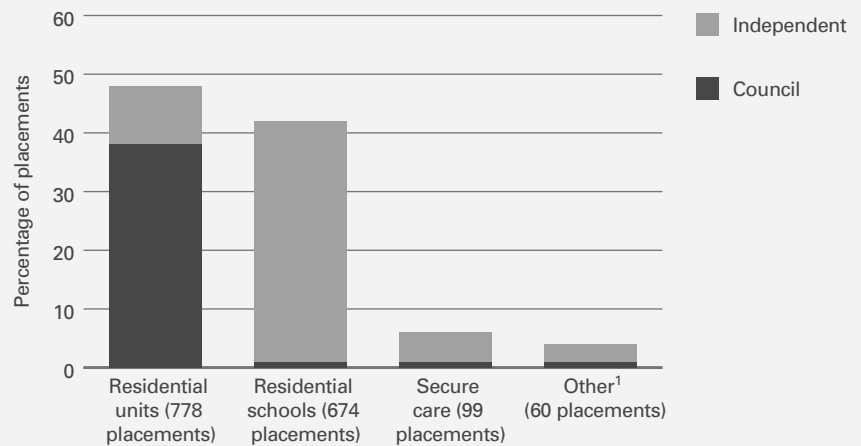
**Councils spend £250 million a year on residential care for children**

13. Councils spent around £250 million on residential child care in 2008/09. This is 30 per cent of all social services expenditure on children and families and 6.5 per cent of total social services expenditure. It is equivalent to an average of £150,000 per child each year, although weekly costs vary between around £800 and £5,500 depending on the type of placement and the complexity of the child's needs.

**Exhibit 2**

**Types of residential child care placements**

Most placements in residential units are provided by councils, while almost all residential school placements and the majority of secure care placements are provided by the independent sector.

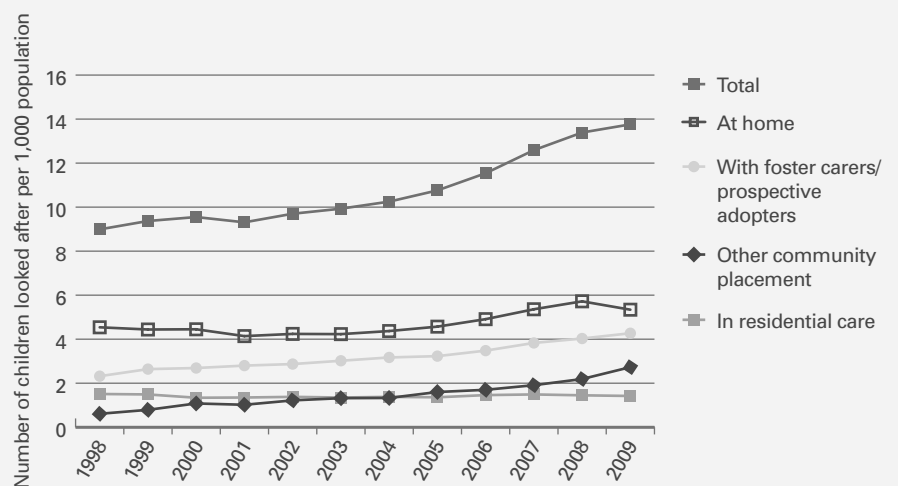


Note: 1. Other includes crisis care and assessment units.  
Source: Placements at 31 March 2009, Audit Scotland survey, 2009

**Exhibit 3**

**Looked after children per 1,000 of 0-18 population in different types of placement, March 1998-2009**

The number of children in residential care per thousand children in the population has remained almost static for the last decade.



Source: Children Looked After Statistics 2008-09, Scottish Government, 2010

**14.** Although the number of children in residential care has remained relatively static in recent years, expenditure on placements has increased significantly (Exhibit 4). The total spend has risen by approximately 68 per cent between 2001/02 and 2008/09 and councils are finding it increasingly difficult to keep expenditure within budgets.<sup>10</sup> This will be even harder to manage in future as councils face mounting financial pressure.

### Improving the lives of vulnerable children is a national priority

**15.** The Scottish Government's *Getting it right for every child* programme, which began in 2005, aims to ensure that all parents, carers and professionals work together effectively to give children and young people the best possible start in life and improve their life opportunities.<sup>11</sup> The approach is designed to help those facing the greatest social or health inequalities, encouraging earlier intervention by professionals to avoid crises at a later date.

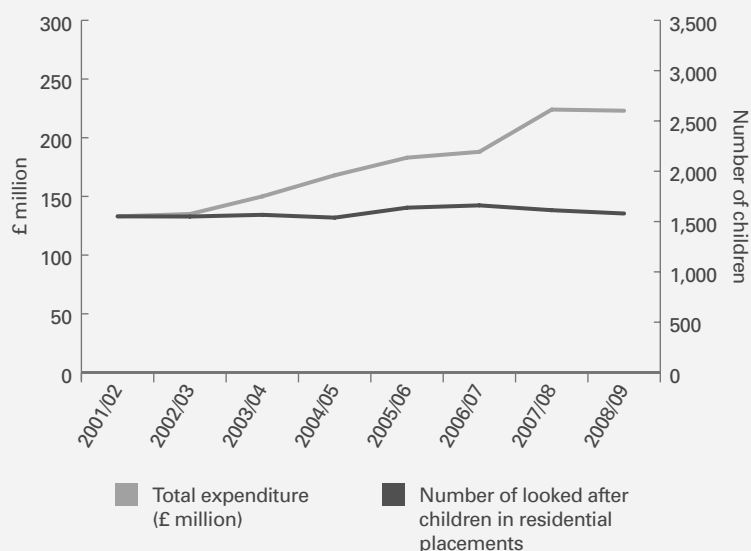
**16.** Single Outcome Agreements (SOAs) set out how each council and its community planning partners will address their priorities and improve services for the local population, within the context of the Government's 15 National Outcomes.<sup>12</sup> Three of the National Outcomes aim for better lives for children and young people:

- We have improved the life chances for children, young people and families at risk (outcome 8).
- Our children have the best start in life and are ready to succeed (outcome 5).
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens (outcome 4).

### Exhibit 4

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

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



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

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

**17.** The 32 SOAs refer to:

- improving the educational attainment of looked after children (appearing in 23 SOAs)
- improving arrangements for throughcare and aftercare (appearing in 13)
- improving care planning and/or assessment (appearing in 8)
- decreasing the number of children experiencing three or more placement moves (appearing in 6)
- better arrangements for health care for looked after children (appearing in 5)

- various other specific targets such as school attendance and feedback from children on their experiences.

**18.** A number of other government reports, guidance and regulations focus on improving outcomes for looked after children.<sup>13</sup> The Scottish Government's 2007 report, *We can and must do better*, sets out a number of actions for public agencies which are designed to improve educational outcomes for looked after children. In 2008, the Government published guidance on being a good corporate parent, *These are our bairns*. This targets all public bodies involved with looked after children, including Scottish Government departments, councils, the police, the criminal justice system and the health service.

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

<sup>11</sup> <http://www.scotland.gov.uk/Topics/People/Young-People/childrenservices/girfec>. *Getting it right for every child*, Scottish Government, 2008.

<sup>12</sup> <http://www.scotland.gov.uk/About/scotPerforms/outcomes>

<sup>13</sup> *Looked After Children and Young People: We can and must do better*, Scottish Government, 2007; *These are our bairns: A guide for Community Planning Partnerships on being a good corporate parent*, Scottish Government, 2008; *Looked After Children (Scotland) Regulations*, Scottish Government, 2009.

**19.** During 2009, the Scottish Government established the National Residential Child Care Initiative (NRCCI) to undertake a strategic review of residential child care services. Its aim was to develop a 'blueprint' to shape the future direction of services, ensuring the needs of children and young people are being met. The report's recommendations include improvements in assessment and care planning, better management information, effective collaboration and equipping and supporting the workforce.<sup>14</sup>

**20.** The Scottish Government also funds the Scottish Institute for Residential Child Care (SIRCC), which provides training and degree courses for staff, undertakes consultancy and research projects and shares best practice among residential child care providers.<sup>15</sup>

### Councils have a duty to promote the well-being of looked after children

**21.** Children and young people become looked after by their council and placed in different types of care setting through various routes (Exhibit 5, overleaf). These include:

- through a voluntary agreement between the council, the child's parent(s) and the child – a child may be placed in a care and/ or education setting away from home. Most often this is because the child has disabilities or a sensory impairment, learning or social, emotional or behavioural difficulties or because their parent(s) cannot look after them

- through a compulsory measure:

- a children's hearing – a child is referred to the Children's Reporter, who may arrange for a children's hearing to meet for a formal hearing. The child may then be the subject of a supervision requirement (or an interim place of safety warrant) made by the children's hearing. The child either remains living at home or is accommodated away from home, depending on what the children's hearing decides is best for them.

A child can be referred for a number of reasons, such as social, emotional or behavioural difficulties at home, at school or in the community, or neglect or abuse at home

- a Sheriff – a council applies to the Sheriff for an order for the child's immediate protection and supervision (a child protection order or permanence order) and, if it is granted, may place the child in a suitable care setting, or

- the courts – in some circumstances, following an offence or series of offences, a child may also be prosecuted in court by the Procurator Fiscal and the courts may decide that the child should be placed in secure care.

**22.** If a children's hearing makes a supervision requirement that says a child should live away from home, then it must specify where that child should live and the council must

implement that decision. While the council has no discretion over this, the usual process is for the council to have recommended a particular placement to the children's hearing in advance of the formal hearing.

**23.** Whether children become looked after through a voluntary agreement, a children's hearing or through the courts, councils have a legal duty to care for them (Exhibit 6, page 11).<sup>16</sup> This places a responsibility on councillors and senior officers to make sure that the right services are in place to meet the needs of these vulnerable children in the most cost-effective way. Although the statutory duties do not include a specific responsibility to secure the best long-term outcomes for looked after children, the Scottish Government's National Outcomes and published guidance are clear about councils' responsibilities: Working with their community planning partners they should act as 'corporate parents', not only providing or commissioning services to meet children's needs but accepting responsibility for them, making their needs a priority and seeking for them the same outcomes any good parent would want for their own children.<sup>17</sup>

**24.** Council services are expected to work together and with other public bodies, which have a duty to co-operate with them, to promote and safeguard the well-being of looked after children and young people. Other public bodies with an important role to play in providing relevant services include health and police services as well as the Scottish Children's Reporter Administration and the courts. Councils have a duty to work in partnership with a child's parent(s) (unless parental responsibility has been legally removed) and to take the child's views into account.

<sup>14</sup> *Higher aspirations, brighter futures: National Residential Child Care Initiative*, SIRCC, 2009.

<sup>15</sup> SIRCC is a partnership of Who Cares? Scotland, the young people's advocacy organisation, and three educational institutions – Robert Gordon University, the University of Strathclyde and Langside College.

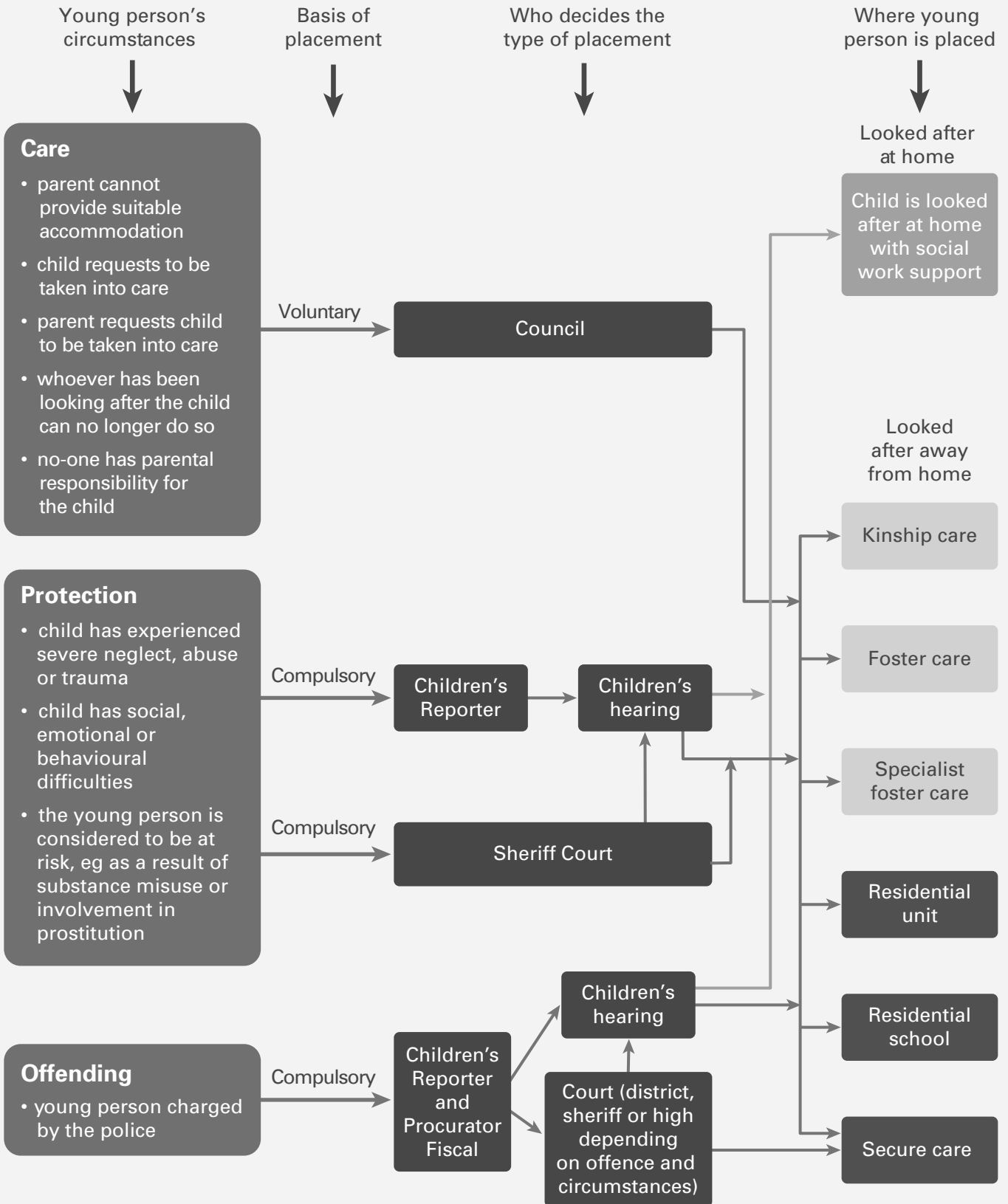
<sup>16</sup> Children (Scotland) Act 1995.

<sup>17</sup> *These are our bairns: A guide for Community Planning Partnerships on being a good corporate parent*, Scottish Government, 2008.

**Exhibit 5**

**How children and young people become looked after**

Children and young people become looked after by their council and placed in different types of care setting through various routes.



## **Exhibit 6**

### **Councils' statutory duties towards looked after children**

Councils have a range of statutory duties for the children in their care.

They must:

- safeguard and promote the child's welfare, taking the welfare of the child as their paramount concern
- make use of services that would be available for children were they cared for by their parents
- take steps to promote regular and direct contact between a child who is looked after and any person with parental responsibilities, so far as is practicable, appropriate and consistent with the duty to safeguard the child's welfare
- provide advice and assistance with a view to the time when the child is no longer looked after
- find out and have regard to the views of the child, his parents and any other relevant person, so far as is practicable, when making decisions about a child whom they look after
- take account so far as is practicable of the child's religious persuasion, racial origin and cultural and linguistic background.

*(Section 17)*

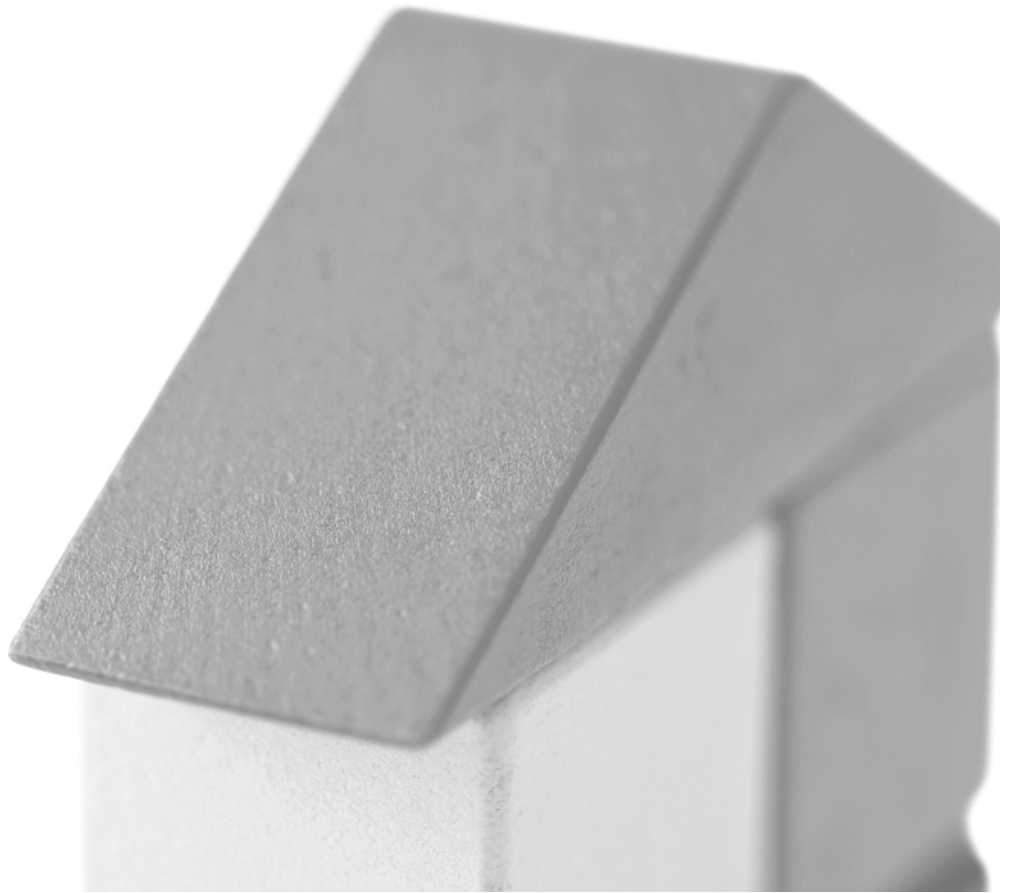
Authorities may deviate from complying with these duties only when it is necessary to protect members of the public from serious harm, and then only to the extent required to achieve such protection for the public.

Children who are looked after should have the same opportunities as all other children for education, including further and higher education, and access to other opportunities for development. They should also, where necessary, receive additional help, encouragement or support to address special needs or compensate for previous deprivation or disadvantage.

*(Paragraph 61)*

Source: *Scotland's Children: The Children (Scotland) Act 1995 Regulations and Guidance: Volume 2 Children Looked After by Local Authorities*, The Scottish Office, 1997

# Part 2. Realising children's potential in residential care



Councils need to focus on the long-term outcomes for looked after children.



## Key messages

- Looked after children are much more likely to have negative experiences as adults, such as homelessness, being in prison or having mental health problems. Many do not achieve the same educational standards as other children and do not go on to further education, training or employment when they leave school. While some do receive the support they need to go on and lead successful lives, others are not getting enough help.
- Care plans and reviews need to have a greater focus on intended outcomes for children, and the actions and progress required to achieve these outcomes.
- More research is needed into factors affecting the experiences and long-term outcomes for children and young people in residential child care to help improve services and identify the most appropriate services for individual children.

### Looked after children are more likely to have negative experiences as adults

**25.** Even the best care cannot erase children's earlier life experiences or the difficulties that some of them face, but it should help them to achieve their full potential. The Social Work Inspection Agency (SWIA) identified that, with the right support, looked after children can overcome childhood adversity and lead successful lives,

particularly where they are supported by adults who believe in them and have the skills to help them.<sup>18</sup> However, the life prospects for looked after children are currently poor:

- More than one in ten young people leaving care in Scotland experience homelessness within two years.<sup>19</sup>
- Over 25 per cent of the total adult prison population in the UK has been in care at some point compared with two per cent of the general adult population.<sup>20</sup>
- In Scotland 45 per cent of looked after children have mental health problems.<sup>21</sup>

### Looked after children do not achieve the same educational standards as others

**26.** In 2008/09, only 50 per cent of young people who left care placements away from home (residential, foster and kinship placements) achieved at least foundation level standard grades in Maths and English.<sup>22</sup> This compares with 93 per cent of all S4 pupils who achieved at least these two standard grades.<sup>23</sup>

**27.** The Scottish Government and councils have been focusing on improving educational attainment for these children and young people in recent years, but there is still a long way to go. The 2008/09 results were only two percentage points better than they were three years earlier.<sup>24, 25</sup>

**28.** Without a good educational background looked after children are less likely to go into further education,

training or employment when they leave school. Only 19 per cent follow one of these routes compared to 60 per cent of all school leavers.<sup>26</sup>

### Not all receive the help they need to go on and lead successful lives

**29.** Despite the evidence about poor outcomes for looked after children, there are many examples of young people who have left residential care and have gone on to lead successful lives. SWIA identified that the single most important thing to improving the futures of Scotland's looked after children is for councils to focus on and improve their corporate parenting skills. It highlighted five key conditions for children to go on and lead successful lives:

- Having people in your life who care about you.
- Experiencing stability.
- Being given high expectations.
- Receiving encouragement and support.
- Being able to participate and achieve.<sup>27</sup>

**30.** Eighteen councils have a corporate parenting policy and/or strategy, and others are developing one or implementing the approach without one. We found that implementation is in its early stages and councils are anticipating the benefits rather than being able to identify any significant achievements yet. Some councils have a single councillor as a 'children's champion' to raise awareness and understanding among members and challenge the

18 *Extraordinary Lives: Creating A Positive Future for Looked After Children and Young People in Scotland*, Social Work Inspection Agency, 2006.

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

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

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

22 *Statutory Performance Indicators 2008/09*, Audit Scotland, 2009.

23 *SQF Attainment and School Leaver Qualifications in Scotland 2008/09*, Scottish Government, 2010.

24 *Learning with care. Information for carers, social workers and teachers concerning the education of looked after children and young people*, Her Majesty's Inspectorate of Education and Social Work Services Inspectorate, 2003.

25 *Looked after children and young people: we can and must do better*, Scottish Government, 2007.

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

27 *Celebrating Success – what helps looked after children succeed?*, Social Work Services Inspectorate, 2006.

officers responsible, while some have a group of members and/or senior officers as champions to take on the role of corporate parents for individual children or groups of children. The Scottish Government provided funding of £2.5 million in 2007 to support these developments and issued guidance in 2008. It is now funding Who Cares? Scotland to run training for every councillor in Scotland, along with council officers and NHS board members and staff, to help them become better corporate parents. Crucially, children who are, or have been, looked after by their council are contributing to these training events.

#### **Too many children are moved between placements three or more times**

**31.** Stability and continuity are among the key factors that lead to successful outcomes for looked after children and the Scottish Government has been encouraging councils to reduce the number of placement moves that each child experiences.<sup>28</sup> At 31 March 2008, nearly a third of children and young people being looked after away from home had experienced three or more placement moves.<sup>29</sup> Six councils and their partners have now prioritised this in their SOAs as an area for improvement.

#### **Children in residential care need better access to health services**

**32.** Children looked after away from home share many of the health risks and problems of their peers, but often to a greater extent. Research shows that their physical health, and particularly their mental health, is not as good as that of other children.<sup>30</sup> The introduction of specialist looked after children nurses (LAAC nurses) has led to greater attention to physical

and mental health care. However, solutions to health concerns should be provided as a partnership across agencies and with carers to give children continuity of care and access to health services when they need them.<sup>31, 32</sup>

#### **Councils need to take more account of children's views to improve services**

**33.** Children's views need to play a bigger part in some councils' planning and decision-making. Twenty-eight councils report that they gather children's views through a variety of formal and informal routes, including discussions at Looked After and Accommodated Children (LAAC) reviews, feedback channelled through children's rights officers or independent advocacy representatives from Who Cares? Scotland, online feedback facilities, and visits made to residential units by officers and/or councillors. However, although we found evidence of councils using children's views to improve services in small ways, they do not necessarily seek and use children's views in making bigger, policy decisions to shape and improve services.

**34.** The Care Commission also seeks feedback from children and young people as part of its inspection process of residential services and does not award high scores to services unless they can demonstrate how they take account of children's views. All councils use inspection reports to help them choose and provide residential care, but this source alone does not give enough specific information on which councils can act. The Care Commission is trying to improve its understanding of children's views through an online campaign.<sup>33</sup>

#### **More children need to have their successes recognised**

**35.** Who Cares? Scotland describes how children and young people's self-esteem and confidence are higher when their successes, however small, are recognised (Exhibit 7). This in turn can lead to longer-term successes; but not all children experience this.<sup>34</sup>

#### **Better information is needed about what leads to successful outcomes**

**36.** While organisations such as Who Cares? Scotland and SWIA have identified some important factors that affect children's futures, there is an acceptance that better information is needed about young people's longer-term successes after they leave care, and what leads to good or bad outcomes. The NRCCI identified a need for more research into factors affecting the experiences and long-term outcomes for children and young people in residential child care, and the effectiveness of different approaches and interventions.<sup>35</sup> This would help councils and providers to improve their services and identify the most appropriate care to meet the needs of individual children.

#### **Care plans need a greater focus on the actions and intended outcomes for children**

**37.** Every looked after child must have an assessment of their needs and a care plan to address these needs.<sup>36</sup> For care plans to be most effective, not only do they need to identify clear intended outcomes for the short and long term, they need an action plan for how these will be achieved and progress measured. Getting it right for every child (GIRFEC) sets out the long-term outcomes that should be the aim for every child (Exhibit 8, page 16).

28 *Celebrating Success – what helps looked after children succeed?*, Social Work Services Inspectorate, 2006.

29 *Children Looked After Statistics 2007-08*, Scottish Government, 2009. This information was not collected by the Scottish Government for 2008-09 due to reservations about data quality.

30 *The health of looked after and accommodated children and young people in Scotland*, Social Work Inspection Agency, 2006.

31 *The mental health of children and young people in residential care. Are services meeting the standards?*, Scottish Commission for the Regulation of Care (Care Commission), 2009.

32 *Higher aspirations, brighter futures: National Residential Child Care Initiative Matching Resources to Needs Report*, SIRCC, 2009.

33 [www.meetsid.co.uk](http://www.meetsid.co.uk). Care Commission and Who Cares? Scotland, 2010.

34 *Caring about success – young people's stories*, Who Cares? Scotland, 2008.

35 *Higher aspirations, brighter futures: National Residential Child Care Initiative Matching Resources to Needs Report*, p22-23, SIRCC, 2009.

36 Children (Scotland) Act 1995; Looked After Children (Scotland) Regulations 1996 and 2009.



## Exhibit 7

### Quotes from young people interviewed by Who Cares? Scotland

Young people's experiences of having their successes recognised and celebrated varied.

*"Once we were all to go on holiday because we'd all been good... six people went out the night before we were leaving and got drunk, came back early with the police... so the celebration got cancelled on the day for the four other people that were meant to be going... It takes its toll on everyone else. And a lot of people notice that."* (Male, 17).

*"If somebody's successful, then the staff will try and do something for you, and they'll go out of their way. I think staff are trying to get into a routine with that. It's just natural."* (Male, 16).

*"In the care plan meetings they're always talking about all the positive things. It's never really negative. They're always telling your parents and the rest like your social worker, all the positive things. They try to always be praising what you've done."* (Female, 15).

*"They've said no good things. They've actually been saying bad things about us. They think I'm a really bad person, but it's just the people I've been hanging about with... They're saying all this bad stuff about us and I'm like, 'Have you got nothing good to say about us?'... if they say bad stuff about us, it'll just make us more agitated. It'll just make us more angry and I'll end up doing something stupid."* (Female, 14).

Source: *Caring about success*, Who Cares? Scotland, 2008

**38.** Care planning for looked after children needs to get better. The majority of care plans do not clearly focus on the outcomes intended for a child. While many address very short-term outcomes, for example controlling disruptive or dangerous behaviour, only a third of our sample of 60 case files identified any longer-term outcomes, for example returning to mainstream schooling or developing sustainable relationships with family members.<sup>37</sup> None addressed long-term goals such as achieving qualifications, going into further education, training or employment and living an independent, socially responsible and satisfying life.

**39.** Fewer than half (42 per cent) of the care plans we reviewed set out clear actions showing who was responsible for them and within what timescales, even for short-term outcomes. Even in the examples of well-structured plans that we saw, there was still scope for improving the way that actions were set out (Exhibit 9, page 17).

**40.** Work by other scrutiny bodies supports our findings:

- SWIA reported that its examination of a random selection of councils' case files between 2006 and 2009 suggests that around ten per cent of children in residential care may

not have a complete care plan on file.<sup>38</sup> This exercise found that care plans did not set out clearly what had to be done, when and by whom, to ensure the children concerned would make progress and achieve good outcomes. Few care plans took a long-term view of the needs of the child. Many simply described what had to happen before the next review. No council had a comprehensive, structured approach in place to measure, monitor and review outcomes.<sup>39</sup>

- The Care Commission's review of care plans for children in residential care concluded that care plans were not fully addressing the care, well-being or educational needs of young people in 17 per cent of the 224 providers registered at the time.<sup>40</sup>

**41.** A child's progress should be reviewed through a LAAC review and their care plan updated at least every six months. LAAC reviews generally take place as frequently as they should, but they need to be based on comprehensive care plans that include clear action plans. Without this, the professional staff involved cannot fully evaluate and record a child's progress and cannot be sure that a child's placement is achieving the successful outcomes intended for them. Information collated from plans and LAAC reviews would also help councils to plan for more effective services.<sup>41</sup>

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

<sup>37</sup> Audit Scotland sample case file reviews – 60 files in six councils, 2010.

<sup>38</sup> Results of reading 92 case files in 29 councils between 2006 and 2009, SWIA, 2009.

<sup>39</sup> *Improving Social Work in Scotland: A report on SWIA's Performance Inspection Programme 2005–09*, Social Work Inspection Agency, 2010.

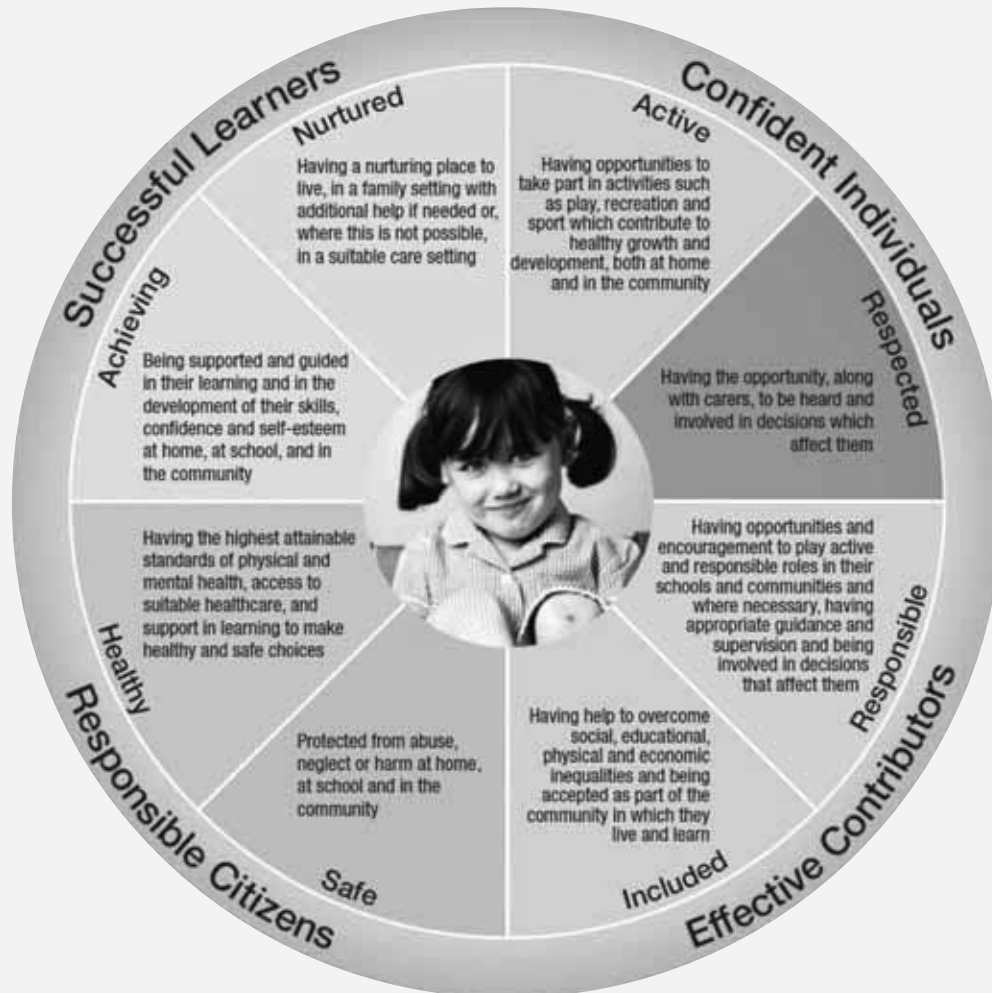
<sup>40</sup> *Protecting children and young people in residential care: are we doing enough?*, Care Commission, 2008.

<sup>41</sup> *Improving Social Work in Scotland: A report on SWIA's Performance Inspection Programme 2005–09*, Social Work Inspection Agency, 2010.

## Exhibit 8

### The eight desired outcomes for all children

Getting it right for every child sets out the long-term outcomes that should be the aim for every child.



Source: *A guide to Getting it right for every child*, Scottish Government, 2008

### Not all children in residential care receive the best quality of care and support

**43.** All Scottish residential child care providers, including councils, must adhere to the national care standards and be registered with the Care Commission.<sup>42</sup> The Care Commission inspects every residential care provider at least twice a year. It examines and

scores four areas of quality (care and support, environment, staffing, and management and leadership) and has assessed most aspects of residential care as being good or very good. About one in ten residential units or schools (18) are classed as adequate or weak for the quality of care and support (none are classed as unsatisfactory in this aspect). These 18 units, which include both council

and independent units, provide places for around 160 children, who may therefore not be receiving the quality of care and support that they need. Only one of the 168 residential units or schools is assessed as excellent across all four aspects, although nine per cent (15) are assessed as excellent for the quality of the care and support they provide.<sup>43</sup>

<sup>42</sup> The Care Commission uses a quality assessment framework that includes four areas of quality – care and support, environment, staffing, and management and leadership. These four areas incorporate the national care standards. Inspectors use a six-point scale ranging from 1 (unsatisfactory) to 6 (excellent) to grade services within each of the four areas. In England, the Office for Standards in Education, Children's Services and Skills (OFSTED) registers and inspects provision, and in Wales it is the Care and Social Services Inspectorate.

<sup>43</sup> [www.carecommission.com](http://www.carecommission.com), March 2010.

## Exhibit 9

### An example of a clear action plan

This plan sets out clearly who has to do what, by when and why. It is based on actual material from a number of care plans and, while the child is fictitious, his experiences are typical.

### Background

Ryan is 15. When he was 11 years old his mum died. He has never known his dad so he went to live with his maternal grandparents. The relationship with his grandparents broke down when he was 13 and he became looked after. Ryan was then fostered by a family living in his home area until he was 14. Ryan's foster carers asked for advice and respite as they were not coping well with being responsible for a teenager. Ryan was staying out late at night getting drunk and his attendance at school was suffering. It was agreed that he spend a few weeks in a residential unit to give his foster carers a break. Ryan settled in well at the residential unit. He felt more comfortable not having a replacement family as no-one could ever replace his mum. His stay at the residential unit was agreed on a long-term basis just after his 15th birthday. Over this two-year period, Ryan had three different social workers.

GIRFEC: Eight desired outcomes for all children	Desired outcome	Action to be taken	Who will do it?	When?
Safe	Ryan feels safe and protected.	Ryan has agreed to have weekend contact with his grandparents two weekends a month.	Ryan, grandparents.	Every second weekend from 22 July 2009.
		Ryan has the option of coming back to the residential unit during these two weekends if he wants to. Residential unit staff will ensure there is sufficient credit on his mobile phone so he can contact them at all times.	Ryan, residential unit.	Every second weekend from 22 July 2009.
		Ryan can see his friends but has agreed not to get drunk or take drugs.	Ryan, grandparents, residential unit.	Every second weekend from 22 July 2009.
Healthy	Ryan maintains good physical and mental health.  Ryan is able to come to terms with his mother's death.	Appointments have been made for Ryan to attend regular eye, dental and health checks: <ul style="list-style-type: none"> <li>• Eye check-up – 14 July</li> <li>• Check with LAAC nurse – 28 July</li> <li>• Dentist – 2 August</li> </ul>	Ryan, residential unit key worker.	Ryan to attend all three appointments on 14 July, 28 July and 2 August 2009.
		Arrange for Ryan to receive bereavement counselling and for him to attend all sessions.	Social worker.	First appointment as soon as possible, before end July 2009 if possible.
		Ryan has agreed to attend bereavement counselling, accompanied by his residential unit key worker.	Ryan, residential unit key worker.	On the appointment dates made by social worker.

<b>Achieving</b>	<p>Ryan achieves his academic potential – his school guidance teacher predicts that, with the appropriate support, he can pass five Standard Grades at general level.</p> <p>Ryan finds an apprenticeship or suitable course so that he can study to become a mechanic.</p>	<p>Ryan to keep attending school, submit his homework on time and sit all the prelims in January/February 2010 for his Standard Grades.</p> <p>Provide Ryan with clear career guidance to set out what is required academically to become a mechanic.</p> <p>Help Ryan to contact local garages and the transport department of the council to find out about possible apprenticeships in the long term and work experience placements in the short term.</p>	<p>Ryan, school guidance teacher.</p> <p>School guidance teacher.</p> <p>Ryan, social worker, residential unit staff, school guidance teacher.</p>	<p>School guidance teacher to review attendance and homework diary weekly, from the start of term in August 2009.</p> <p>Ryan sits prelims in January/February 2010.</p> <p>August/September 2009.</p> <p>August–December 2009.</p>
<b>Nurtured</b>	<p>Ryan feels settled and supported within the residential unit.</p>	<p>Ryan to meet weekly with his key worker to discuss what help and support he needs, both practically and emotionally. Discuss with Ryan whether he would like a tutor for maths (which he is finding difficult), whether he needs any new clothes or a football kit if he joins the local football team.</p>	<p>Residential unit key worker.</p>	<p>Weekly meetings from w/c 4 July 2009.</p>
<b>Active</b>	<p>Ryan participates in physical activities to keep fit.</p>	<p>Encourage Ryan to keep fit and healthy by building on his interest in football.</p> <p>Find out about youth football teams close to the residential unit and support and encourage Ryan to attend on a weekly basis.</p>	<p>Ryan, residential unit key worker.</p> <p>Residential unit key worker.</p>	<p>Find out about football team by end of July 2009. Ryan to attend on a weekly basis from August 2009 onwards.</p>
<b>Respected and responsible</b>	<p>Ryan is protected and knows what behaviour is expected from him.</p> <p>Ryan is prepared for independent living.</p>	<p>Encourage Ryan to take part in monthly discussions about behaviour and rules in the unit.</p> <p>Involve Ryan in cooking his meals, at least once a week.</p>	<p>Ryan, residential unit key worker.</p> <p>Ryan, residential unit key worker.</p>	<p>Weekly meetings and monthly sessions, starting now.</p> <p>Ryan to be involved in cooking his meal from w/c 4 July 2009.</p>

Included	Ryan has a good relationship with his grandparents.	At weekly meetings, encourage Ryan to speak about how he feels about his grandparents and accentuate the positive.	Residential unit key worker.	Weekly meetings, starting now.
	Ryan feels that he is included and has a say in decisions that affect him.	Encourage Ryan to input into the monthly young people’s meeting.	Residential unit key worker.	Before 28 July (when next pupil meeting takes place).
		Encourage Ryan to speak to his Who Cares? Scotland worker when she visits.	Residential unit key worker, social worker.	Before 3 August when Who Cares? Scotland worker next due to visit.

Source: Audit Scotland

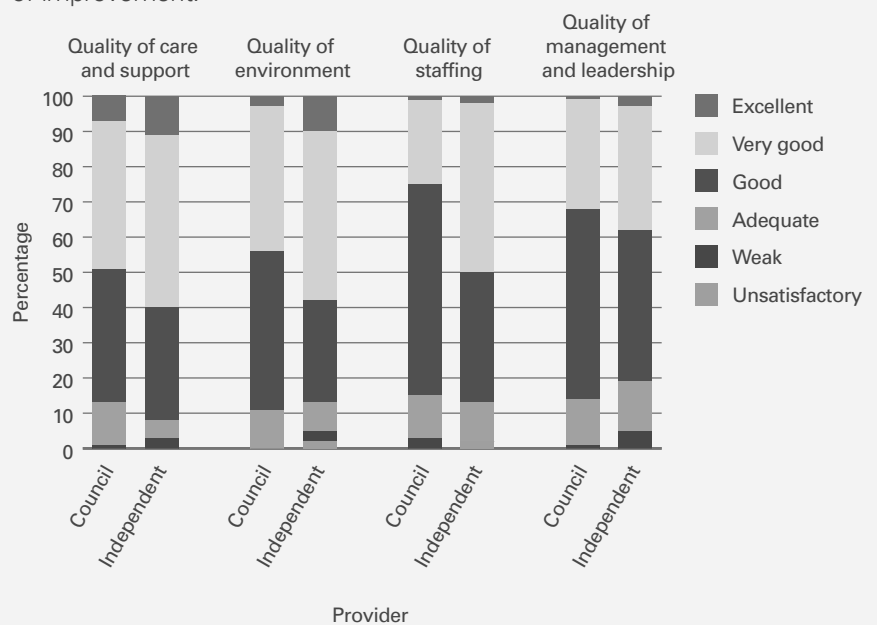
**44.** There is a difference between council and independent provision in that a slightly higher percentage of independent providers are assessed as very good or excellent in each aspect of provision (Exhibit 10). For example, 92 per cent of independent providers were graded good or better for the quality of care and support, compared to 87 per cent of council provision.

**45.** Care Commission inspectors grade aspects of provision based on the evidence they see and hear on each of their inspection visits, which take place at least twice a year. The grades reflect an assessment of the services provided, any complaints or investigations, and how much the provider is doing to meet children’s needs and improve their services. They do not assess the effectiveness of the services for each child and how well their individual needs are met. This is done through care planning and reviews.

### Exhibit 10

#### Care Commission quality gradings for Scottish residential units and schools

The majority of residential units/schools are graded ‘good’ or ‘very good’; however, a significant minority are only ‘adequate’, ‘weak’ or ‘unsatisfactory’. The quality of management and leadership is most in need of improvement.



Note: Sample – 103 councils units/schools, 65 independent units/schools.

Source: Audit Scotland, using data from the Care Commission, 2010 ([www.carecommission.com](http://www.carecommission.com))

**46.** Some councils have a database of independent providers, with details of the services they provide and the Care Commission's assessments, while others use informal networks to find out about the nature and quality of provision. This information can become out of date quickly with a risk that councils can make decisions without complete information. The Scottish Institute for Residential Child Care is developing an online database for councils that it will keep up to date on their behalf. It intends to expand this to include availability too, so that there is one single source of information for councils when they are trying to place a child with an independent provider.

### Recommendations

Councils should:

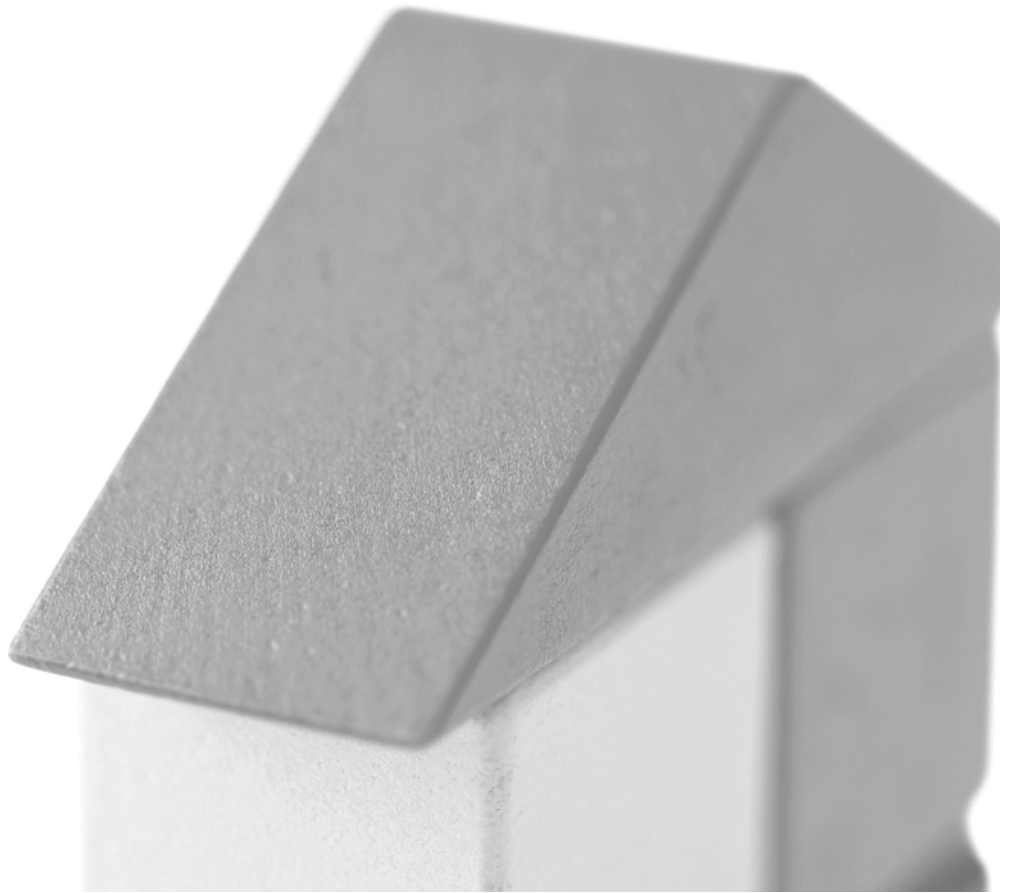
- in partnership with providers, identify intended outcomes for all children in residential placements, specify these in individual care plans and set out the actions required in a clear SMART<sup>44</sup> action plan against which progress can be monitored.

The Scottish Government and COSLA should:

- identify, in collaboration with councils, NHS boards and independent providers, the factors that lead to better long-term outcomes for looked after children.

44. Specific, Measurable, Achievable, Realistic and Time-bound.

# Part 3. Managing residential child care



There needs to be a more strategic approach to managing these services with greater partnership working and more robust commissioning.



## Key messages

- Councils do not always have clear strategies and detailed, realistic plans for residential child care, based on predicted needs.
- The quality of information available about the needs, progress and costs for looked after children in residential care is generally poor.
- Councils do not effectively commission residential child care services. There needs to be a more strategic approach, more partnership working and robust contractual arrangements.
- Councils do not set realistic budgets for residential child care services.

### Councils do not always have clear strategies and plans

**47.** Well-managed services are essential for ensuring that children receive the right care at the right time to achieve the best possible outcomes for them. This means having a clear strategy and detailed, realistic plans for implementing it, and monitoring and reviewing them regularly.

**48.** All councils have Integrated Children's Services Plans, which set out their, and their community planning partners' plans for universal and targeted children's services, including residential care. These generally reflect the aims and principles of GIRFEC and detail how the council plans to achieve the aims, although the level of detail varies and a number are in need of updating. Thirty councils also have, or are developing, a formal strategy or plan for looked after children. In many cases this refers to a corporate parenting strategy. Nineteen councils have plans specifically for residential child care.

**49.** To help ensure that the right residential provision is available when needed and to achieve value for money, councils have to plan for services to match predicted needs. It can be hard to predict as there can be children and young people whose needs the council does not know about until they or their families run into difficulties. However, councils can anticipate broad patterns of demand for residential child care by looking at what happened in previous years and taking account of current trends, and potential unmet need.

**50.** We found little evidence of councils predicting needs, planning ahead and using this information to make arrangements for the right services to be available when they need them. Forward projections tend to be limited to continuing the care for children and young people currently being looked after in residential care. This means there is a risk of a mismatch between the services available in future and what is needed to meet children's needs.

**51.** Any effective approach to planning services for these vulnerable children requires good partnership working between public bodies. Community Planning Partnerships agree their joint priorities and express them in their SOAs and other joint plans, and all partners are responsible for working together to deliver them. In particular, NHS boards have the lead responsibility for children's health care, including primary healthcare services for those who live in the area as a result of a residential placement, and specialised services for children who have complex needs that require them to be cared for outside the area. They are therefore very important partners in planning for residential child care services, and should work closely with councils to make sure the right health services are available for looked after children.

**52.** Similarly, it is important that councils and other public bodies engage with providers of residential care services to ensure that good awareness about future needs and requirements is shared, and that an effective partnership approach is developed.

### Planning specialist residential services for small numbers of children can be difficult

**53.** Councils find it difficult to plan and purchase specialist residential services for very small numbers of children and young people, for example secure care and education and provision for young people with sensory impairment. Smaller councils find this especially difficult because they may have only one or two children needing this service over a year and it can be very difficult to predict (Exhibit 11). A national approach or joint working among groups of councils can benefit services in these circumstances. The Scottish Government, COSLA and secure care providers are currently working together to develop a national approach to commissioning secure care, including a service specification and national fee structure. A national approach, that includes NHS boards, is also being considered for other small scale or specialised services, such as residential care for young people with problematic sexual behaviour, serious mental health illness or self-harm behaviours, and those with challenging behaviours associated with autistic spectrum disorders.

**54.** Councils are being encouraged to work together for less specialised and relatively small scale provision. For example, the Scottish Government has provided £84,269 over two years for Renfrewshire Council to coordinate the work of four councils – Renfrewshire, East Renfrewshire, Inverclyde and Glasgow City – to develop a joint approach to commissioning and share the results with other councils.



### The quality of information available is generally poor

**55.** Councils do not have all the information they need to make the best use of their resources. For example, they may set a target to reduce expenditure on independent provision without being aware of how much it costs to make alternative, in-house provision. Without reliable information about quality, costs and outcomes, such decisions cannot be made in the best interests of the children concerned and the community more generally.

**56.** The poor quality of some of the information provided to us by councils suggests weaknesses in information systems and doubts about the reliability of information used to plan and manage the services. While a small number of councils were able to provide full and detailed information, others were unable to provide some of it or it took a long time to source, suggesting it is not readily available or used to plan and manage services effectively.

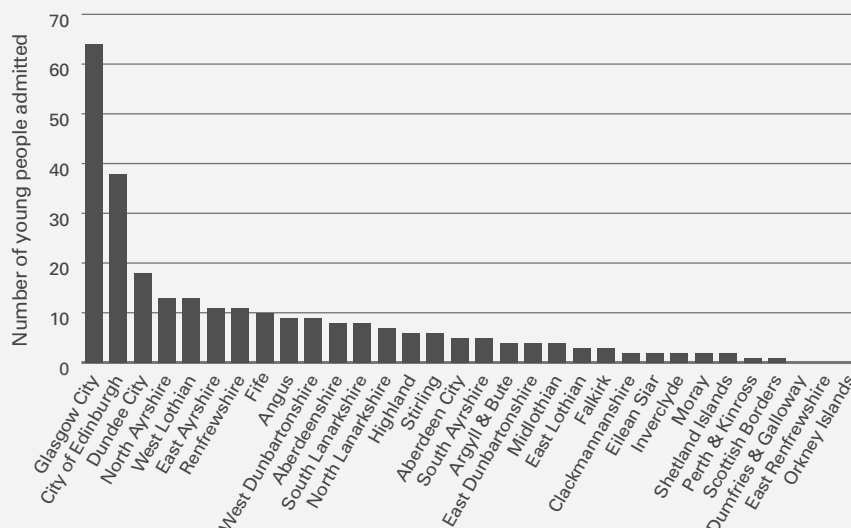
**57.** Even basic information is not well managed by councils. For example, in seeking to establish how many children were being looked after by each council on 31 March 2009, we found discrepancies in the information reported to auditors compared to that included in Scottish Government returns. While councils submitted this data at different times, there is no good reason why 28 councils should provide two different figures for this information.

**58.** Council information systems for looked after children in residential care are poorly developed. Information is often held in disparate systems with only manual intervention bringing the information together. Councils should ensure that adequate systems are in place to support effective decision-making across all service areas.

### Exhibit 11

#### Number of young people placed in secure care

Half of councils placed fewer than five young people in secure care during 2008/09.



Source: *Secure Care Accommodation Statistics, 2008-09*, Scottish Government, 2009

### Councils do not effectively commission residential child care services

**59.** Councils can provide services in-house or commission them from independent providers. In the case of secure care only, councils can also purchase places from Dundee or Edinburgh city councils. Around 60 per cent of residential places are purchased from independent providers. However, because there has been no strategic approach to planning and commissioning these services, almost all residential places in the independent sector are currently 'spot purchased', planned only from the moment that a child is identified as needing a place.

**60.** The result is that some children are placed where there is a space available rather than on the basis of their needs.<sup>45</sup> It also means that

councils place children with a large number of different providers, making it complex to manage all the relationships (Exhibit 12, overleaf). This in turn makes it difficult for providers to work in partnership with councils to plan for and develop their services to meet predicted needs.

**61.** Placement decisions should be based on clear information about the needs of the child and the types of care provided in different settings. If the best option for a child is to be placed with an independent provider, councils should already have arrangements with independent providers that will help ensure the right placement is available for that child. These arrangements may be joint with other bodies.

**62.** Eighteen councils have sometimes placed children with independent providers because they

do not have suitable places in-house, rather than because it is the right provision to meet the needs of the child. Sometimes councils prefer to place children with in-house units whenever a place is available, and consider external options only when the in-house options are unavailable or unable to cope. While it is understandable that for apparent economy and efficiency reasons, councils will seek to maximise the use of their own provision, this approach can lead to:

- decisions being made without all (and possibly the best) options for the child being considered
- more decisions on independent placements being made in an emergency, when in-house provision cannot cope any longer with particularly challenging behaviour or specialist needs
- unsuitable placements which break down more often, resulting in more change and less stability for the child
- the needs of the child not being effectively met.<sup>46</sup>

**63.** The general pattern of provision is that many of the children with the most challenging or specialist needs, including complex disabilities, are placed with independent providers. In our random sample of 60 case files, 40 per cent of the children and young people in in-house provision were placed in residential care due to their challenging behaviour or a disability, compared to 95 per cent of those in independent provision.<sup>47</sup>

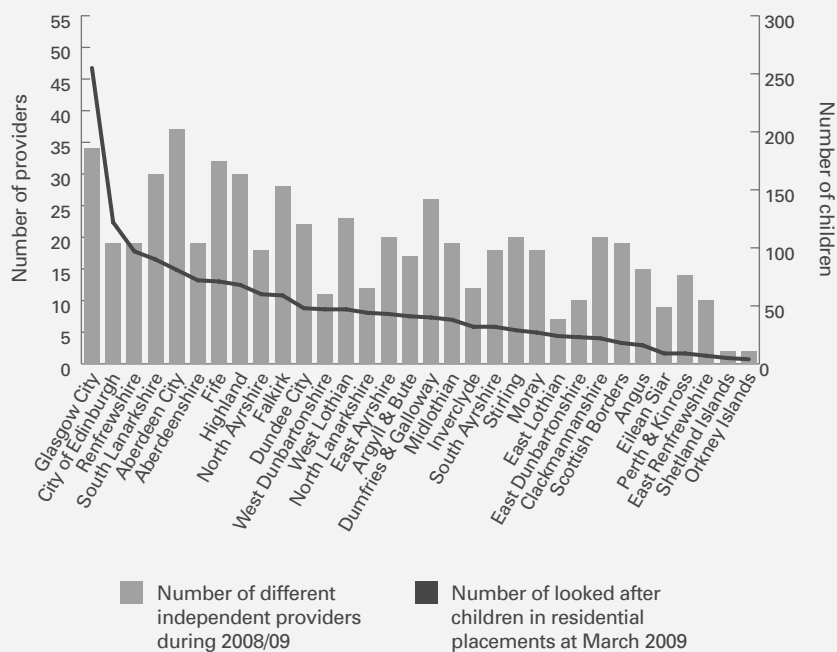
### There needs to be a more strategic approach to planning and commissioning

**64.** The duty of Best Value requires councils to make sure that services keep improving while maintaining an appropriate balance between quality

## Exhibit 12

### The number of different independent providers that councils use to place children

Thirteen councils work with at least 20 different providers.



Source: Audit Scotland survey, 2009; *Children Looked After Statistics 2008-09*, Scottish Government, 2010

and cost.<sup>48</sup> In the last five years, 17 councils have reviewed how their residential child care services are delivered, but only 12 of these resulted in a report being submitted to councillors through committees. While 13 councils have included objectives in their SOAs to reduce the number of children they place in residential care, only five of these have formally reviewed their service arrangements before setting this target. Without a full understanding of the cost and quality of all options, councils cannot demonstrate that at a strategic level they are achieving Best Value for looked after children in residential care.

**65.** There is scope to improve commissioning arrangements. For example, councils can negotiate

special arrangements with individual providers, such as fixed or discounted rates, but only three councils have done this and only with one or two providers. Councils can also improve management arrangements and service delivery through service reviews (Case study 1).

**66.** It is important that the potential benefits of commissioning arrangements are balanced with the costs of the exercise. It is also vital that the focus of commissioning is firmly targeted on improving the quality of services and outcomes for looked after children. For example, independent providers report that tendering for services involves a significant investment of their time to provide only a few child care places, and this can result in few responses

<sup>46</sup> Case study work with Stirling Council.

<sup>47</sup> Audit Scotland file reading exercise, 2010.

<sup>48</sup> Local Government (Scotland) Act 2003.

## Case study 1

### Stirling Council

In 2008/09, Stirling Council reviewed how it was managing children's residential care. The review was prompted by the council spending a lot more every year on these services and finding that it was purchasing more and more crisis places. The council revised its approach to commissioning services after assessing demand and expenditure.

As a result of the review, the council:

- forecast the demand for different types for services based on previous years' experience
- changed its decision-making structures to make quicker and better informed decisions
- developed a specification for foster and residential services, both in-house and external
- evaluated current supplier arrangements in the context of the new specifications
- investigated the market to establish what providers and services are available
- met with potential suppliers to discuss the services required and budgetary constraints
- undertook a tendering exercise and awarded contracts in late 2009 for two types of residential provision:
  - crisis places, where a child's needs can be assessed before making decisions about the longer term
  - longer-term placements for children whose needs cannot be met in council residential units
- estimated a budget based on the predicted demand and costs.

The council plans to continue reviewing needs to ensure that both the council and suppliers continue to adapt and improve, and provide the best possible care.

The council expects the benefits of the exercise will be:

- better availability of local, flexible residential provision, leading to fewer placement moves and less use of crisis places
- improving quality of care as a result of a longer-term partnership with a small number of providers
- better control over costs because the contract includes clear limits on price increases.

Source: Stirling Council

being received to tender invitations from councils. The amount of work involved for councils in preparing and undertaking a tender exercise for such specialist services can be significant, and this reinforces the need for a national, or at least joint, approach to commissioning and a greater focus on partnership working with providers. If more councils work together to buy services, there will be less duplication of effort for both providers and councils without losing any of the benefits.

**67.** Councils need to ensure that their staff have the appropriate skills for an improved approach to commissioning. There are a number of sources of advice and expertise for councils to draw on, including:

- within councils – those with experience of commissioning or contracts for adult care services and other non-social care services
- guidance for procuring social care being developed by the Scottish Government's Procurement Directorate
- the social care commissioning team being hosted by COSLA, that includes a representative from Scotland Excel
- the Social Work Inspection Agency's guide to strategic commissioning for social work services, produced after the agency found this to be a particular area of weakness among councils.<sup>49, 50, 51</sup>

49 *Improving social work in Scotland: A report on SWIA's performance inspection programme 2005-09*, SWIA, 2010.

50 *Social Care Procurement Scotland Guidance, Consultation*, Scottish Government, 2010.

51 *Guide to Strategic Commissioning: taking a closer look at strategic commissioning in social work services*, SWIA, 2009.

**Contractual arrangements with providers are generally weak**

**68.** There should be a clear contract between the council and the provider. This should set out what services are being commissioned, to what quality standards, and what outcomes are intended, as well as the cost and payment arrangements. Without specifying details of the services, quality standards and intended outcomes, councils cannot be sure exactly what they are paying for, whether they are receiving it for each child placed and what should happen if they are not satisfied with the service. Service level agreements offer similar assurances for in-house provision.

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

**70.** There are a number of current developments in individual councils and elsewhere that aim to improve contractual arrangements. Councils are examining the residential contracts already developed by a few Scottish councils, and standard contracts and service specifications already in use in England (eg, by 21 local authorities in North West England), and are tailoring these to their own requirements.<sup>52</sup> However, these developments are not coordinated and there is a risk of inefficiency in each council developing its own approach, and providers that care for children from many councils having to deal with a large number of different contracts.

**Many councils' residential child care budgets are unrealistic**

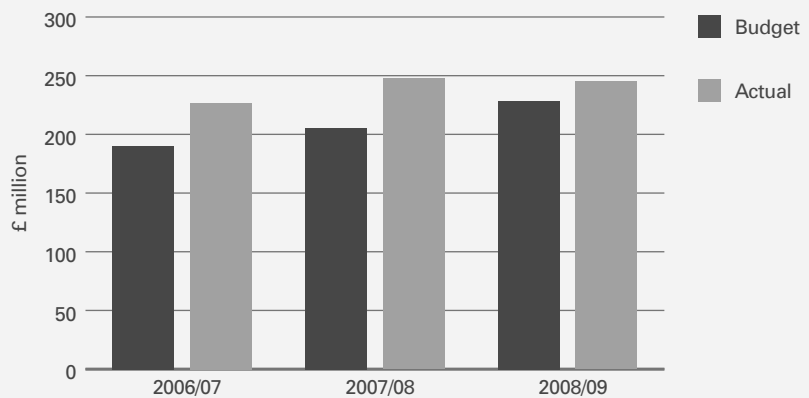
**71.** Over the last three years, total expenditure has exceeded councils' budgets for residential child care

(Exhibit 13). In 2008/09, 29 councils had overspent their budget (Exhibit 14). The total over-spend in 2008/09 was £18 million – eight per cent over budget. Although over-spends are more difficult to

**Exhibit 13**

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

Over the last three years, total expenditure has exceeded councils' budgets for residential child care.

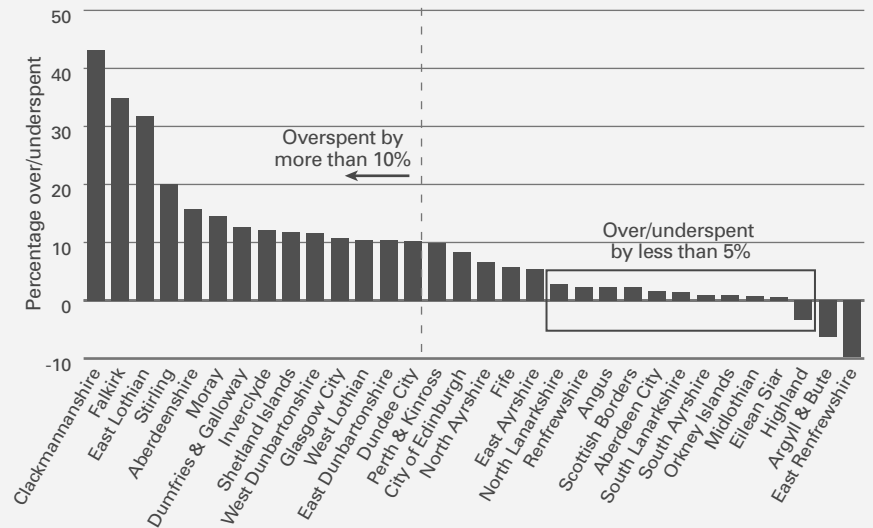


Source: Audit Scotland survey, 2009

**Exhibit 14**

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

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



Source: Audit Scotland survey, 2009

manage, significant under-spends can also indicate problems. Twenty-one councils spent at least five per cent more, or less, than their budget, and 14 overspent their budget by more than ten per cent.

**72.** Most councils increase their budget for residential child care each year, but not by a realistic amount. They do not fully take into account important factors such as the previous year's expenditure, increasing costs or projected demand for services. While we acknowledge the difficulties faced by councils in projecting demand for this service, a more strategic approach to commissioning would allow more accurate predictions for annual expenditure and therefore make it possible to set more realistic budgets.

**73.** Fifteen councils have a joint residential child care budget for both education and social work, and four of these also have a joint budget that includes a contribution from their NHS board for placements made for health or disability reasons. However, in some cases joint contributions have to be negotiated on a case-by-case basis:

- In three councils, social work departments negotiate on a case by case basis for a contribution from their education department for a residential school placement.
- In 13 councils, there is either no contribution from the NHS board or it has to be negotiated for each specialist disability placement.

**74.** A more consistent approach to paying for residential places would be more efficient and would help councils to manage their residential child care budgets.

## Recommendations

Councils should:

- have clear strategies and plans for residential child care and should monitor and review progress regularly. These may be part of wider strategies and plans for looked after children
- review and forecast the need for various types of residential child care and develop costed plans to ensure that these needs will be met
- undertake regular reviews of services for looked after children in residential care to ensure they are achieving Best Value
- participate in joint or national approaches to commissioning residential child care where this may lead to better availability and control of costs
- review their systems for recording and using management information about looked after children
- ensure regular, consistent and accurate information is available to senior managers and councillors to help them understand and make strategic decisions about residential child care services
- draw on their own experience of commissioning adult care and other services, and on national guidance, to develop a strategic approach to commissioning residential child care services
- work with independent providers, other councils, NHS boards, COSLA and the Scottish Government to develop and use formal contracts
- set realistic budgets and service plans based on strategic reviews and forecast of needs

- have in place full contractual agreements with independent providers, and service level agreements with in-house provision, which include details of the specific care and intended outcomes for each child
- along with NHS boards, implement full joint budgeting that includes social work, education and health where possible, or establish a more standard approach to funding residential school placements that would reduce the need for negotiation on a case-by-case basis.

The Scottish Government and COSLA should:

- provide stronger leadership and direction to support councils plan and improve the management of residential child care to achieve better outcomes for looked after children
- increase the pace of development of a national strategic approach to commissioning specialist services for small numbers of children
- encourage and support increased joint working between councils, with independent providers, and NHS boards to develop a common standard for service specifications and contract arrangements, ensuring that there are systems in place to monitor cost, quality and outcomes.

NHS boards should:

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

# Part 4. The cost of residential child care



Councils cannot demonstrate value for money without knowing the real cost of services and the outcomes achieved for children and young people.



## Key messages

- The cost of residential placements is high and has increased significantly in recent years.
- Councils' awareness of the full cost of placing a child in residential care is limited, and few councils know the cost per child of their in-house provision.
- Councils cannot demonstrate that they are achieving value for money for residential child care without knowing the real costs and the outcomes achieved for the children and young people.

### The cost of residential placements is high and increasing

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

**76.** The significant rise in council spending in recent years relates to both reported increases in the cost of in-house provision, and the fees paid to independent providers. Councils say that rises in the fees are the most significant factor. For example, North Ayrshire Council has around 60 children in residential care and reports that the average fee increase for some of the independent providers it uses has been nearly ten per cent a year for the last seven years, an increase of 93 per cent over the seven-year period. It is also likely that many councils may have underestimated the increase in their in-house costs due to weaknesses in their understanding of these costs (paragraph 88 and 89).

**77.** Residential schools attribute the annual increase in fees, often greater than the rate of inflation, to:

- greater and more complex needs of the children who are placed in independent residential care
- developments in quality to meet the national care standards, including improvements to accommodation and facilities
- increased requirements in staff training and qualifications.<sup>53</sup>

**78.** While the second and third reasons also apply to councils' in-house provision, the first reason is likely to have had a much greater impact on independent providers than councils as they generally care for children with the most complex needs.<sup>54</sup>

**79.** Well-trained staff are an important factor in delivering high-quality services. New requirements in recent years for registration with the Scottish Social Services Council (SSSC) places additional training and qualification requirements on staff.<sup>55</sup> These increase the costs for providers as they pay some or all of the related expenses and also the additional costs for staff covering shifts while colleagues attend courses. Fifteen days for training and learning is around two per cent of working time for a full-time member of staff and more for part-time workers. Qualified staff may also expect to be paid more than they were before they qualified and some providers in the council and independent sectors report difficulties with staff retention already.

**80.** The impact of the staff training and qualification requirements is likely to continue, especially in the private sector. At January 2010, 32 per cent of the residential child care workforce was appropriately qualified – 42 per cent of managerial/supervisory staff and 30 per cent of the other staff. In the council and

voluntary sectors, 36 per cent and 39 per cent respectively were qualified, leaving nearly two-thirds still to gain a qualification over the next few years, but in the private sector only 24 per cent were qualified, leaving 76 per cent to gain a suitable qualification.

### Councils' awareness of the full cost of placing a child in residential care is limited

**81.** Councils have a duty to achieve an appropriate balance between the quality and costs of the services they provide. To achieve this, they need to understand not only how effective different types of service are in meeting children's needs, but also have accurate information about the full costs involved for each.

### Weekly fees to independent providers range from £800 to £5,500

**82.** In 2008/09, councils paid independent providers £135 million in fees for 46,500 weeks of care (and often care and education combined). More than half was paid to residential schools. There is a wide range of weekly fees paid to different providers, from just under £800 to nearly £5,500. The average paid was £2,900 per child per week (Exhibit 15, overleaf).

**83.** The total amount spent by each council on independent placements varies a great deal (Exhibit 16, overleaf). Glasgow City Council spends more than twice as much as any other council. However, this reflects the very large number of children in residential care in Glasgow, more than twice as many as any other council (255 at 31 March 2009 compared with 122 in Edinburgh, and fewer than 100 in any other council), and a high proportion in secure care. In fact, only eight per cent of Glasgow's looked after children are in residential care compared with a national average of 10.5 per cent.

<sup>53</sup> *Cost of residential school placements in Scotland* (work by DTZ commissioned by Audit Scotland), 2008 and Audit Scotland survey, 2009.

<sup>54</sup> *Higher aspirations, brighter futures: National Residential Child Care Initiative*, SIRCC, 2009.

<sup>55</sup> [www.sssc.uk.com](http://www.sssc.uk.com)

### Exhibit 15

#### Total fees paid by councils to independent providers in 2008/09

Of the £135 million paid in fees to independent providers, more than half was paid to residential schools.

Type of provision	Total paid by all councils (£ million)	Number of weeks purchased	Typical weekly fee (£)
Residential units (including crisis care)	42.3	12,564	1,570 – 5,490
Residential schools	75.4	30,176	790 – 4,530
Secure care	17.3	3,762	3,190 – 5,390
<b>Total</b>	<b>135.0</b>	<b>46,500</b>	<b>790 – 5,490</b>

Source: Audit Scotland survey, 2009

**84.** The widest range of weekly fees is among residential units (Exhibit 17). They include a variety of provision, including the often relatively expensive short-term or crisis provisions for children and young people, many of whom are there as a result of unplanned or emergency placements after problems at home or in their previous placement.<sup>56</sup> For example, some offer a week or two for a child, giving them completely different experiences such as outdoor adventure activities. This removes the child from difficult circumstances and breaks patterns of behaviour before any longer-term decisions are made about their future.

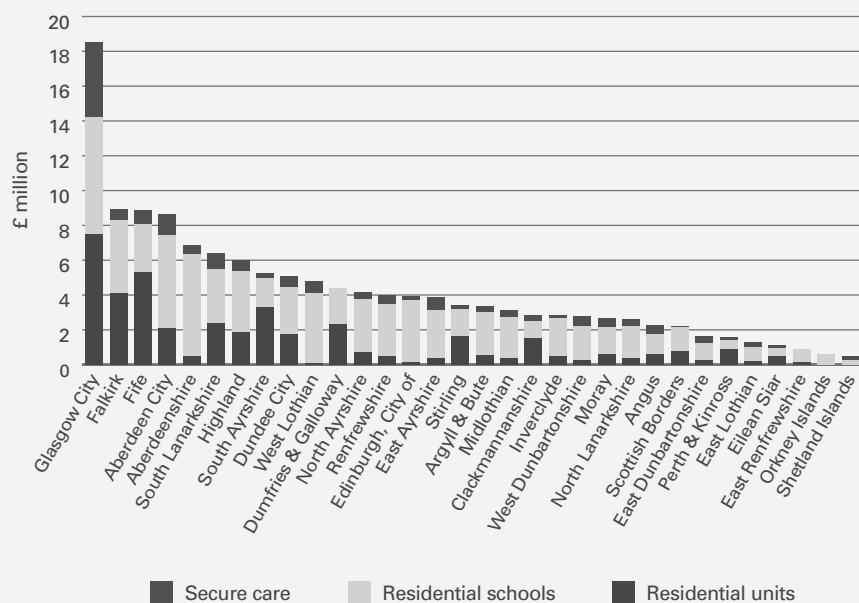
**85.** The complexity of services provided, and the limited information available from independent providers, means that it is difficult to find evidence to suggest that different rates are being charged by different providers for essentially the same service. The range of weekly fees generally reflects the range in services being purchased for individual children. What varies the most is the number and specialisms of staff, depending on a child's needs. For example, a child who may harm themselves or others may need more staff to be available to support and control them, while a child with learning difficulties or sensory impairments may need more specialist tuition and therapy. As staff costs account for 75 to 80 per cent of placement costs, this will have a direct and significant impact on weekly costs.

**86.** There are some elements of cost that do not relate to individual children or the type of care and support they need. For example, some of the long-standing providers are based in large, old houses which are expensive to heat, maintain and adapt to more appropriate, smaller living units. However, property costs are typically only a small proportion of the overall costs of a placement.

### Exhibit 16

#### Councils' expenditure on placements with independent providers in 2008/09

Glasgow City Council spends more than twice as much as any other council on independent placements, reflecting the large number of looked after children in Glasgow.

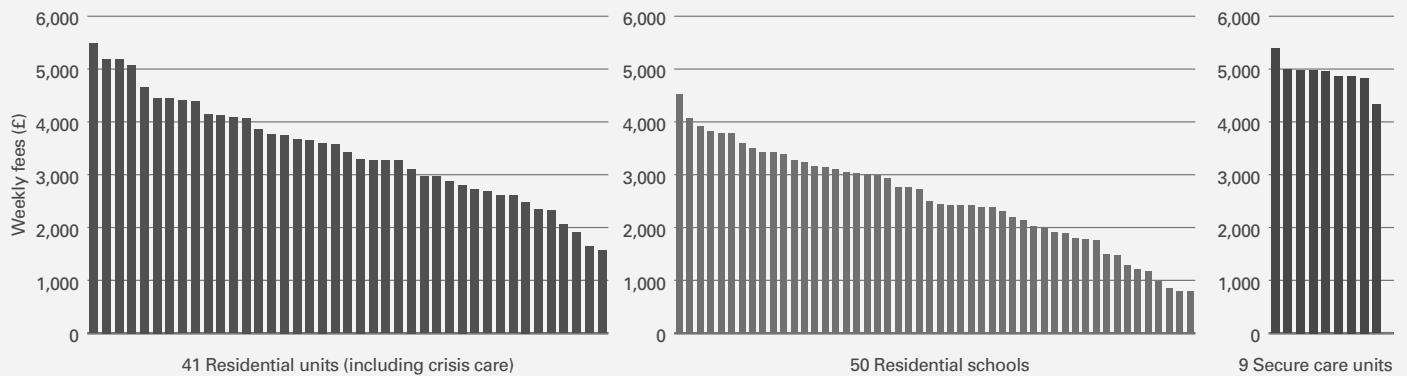


Source: Audit Scotland survey, 2009



**Exhibit 17****Weekly fees paid to independent providers in 2008/09**

Weekly fees vary a great deal, not just between the main types of provision but within each type.



Source: Audit Scotland survey, 2009

**87.** Given this wide range of services and weekly fees, councils need to be clear about what services each child needs, what services different providers offer and how much they pay for these services. This reinforces the need for service specifications for both in-house and independent provision. For in-house provision, they should be part of a service level agreement so that all parties are clear about what services are expected and delivered.

#### Few councils know the cost per child of their in-house residential care

**88.** Councils need to understand the costs of their in-house provision. If not, they risk making ill-informed decisions about the balance between in-house and independent provision. Despite in-house provision accounting for around 40 per cent of all residential child care places, the majority of councils do not know the full costs of their own provision. Of those that have tried to work it out many may have underestimated.

**89.** We asked councils how much they spend on the key elements of direct cost (Exhibit 18, overleaf). While councils gave us the costs of staff salaries and goods and services, many did not give us an accurate estimate of the costs of overheads, such as human resources, finance and legal services (usually provided centrally in councils). Half of councils were unable to provide us with any figure, or estimate, for central overheads. And of those that did, the estimates ranged from one per cent to 24 per cent of the overall cost, with no clear reason being evident for these considerable differences. A reasonable estimate for council overheads for children's residential care, in the absence of a definitive calculation, has been set by academic research as 15 per cent.<sup>57</sup> However, only three councils reported using an estimate of over ten per cent. On this basis, councils' estimates of the cost per child per week in in-house residential units range mainly from £1,380 to £3,420. Applying a standard 15 per cent overhead rate to this estimate would increase the average

weekly costs to between £1,550 and £3,830, with the typical lowest cost being almost exactly the same as the lowest fee paid to independent providers of residential units (£1,570, see Exhibit 15).

**90.** Another factor contributing to costs is the level of occupancy in specific units. Not every place is filled on every night of the year, and providers will plan for an occupancy rate of less than 100 per cent to allow them to respond to placement decisions. In some councils, in-house provision may be preferred to the extent that an occupancy rate of 90 to 95 per cent, or even higher, will be assumed. Independent providers consider that a planning level of between 80 and 85 per cent is more realistic. Councils cannot make reliable comparisons between the cost of their own provision and the fees they pay to independent providers unless they take into account all the elements of direct cost and the average occupancy levels of their own provision.

<sup>57</sup> *The comprehensive costing of child care: the Suffolk cohort study*, Discussion paper 355, Personal Social Services Research Unit, University of Kent at Canterbury, 1984; *Unit costs – not exactly child's play. A guide to estimating unit costs for children's social care*, Department of Health, Dartington Social Research Unit and the Personal Social Services Research Unit, University of Kent at Canterbury, 2000.

## Exhibit 18

### Residential placements: the elements of direct cost

All the key elements of direct cost need to be included.

Employee payroll costs	Salaries, National Insurance and superannuation, costs of temporary and sessional staff and support staff
Employee other costs	Staff travel and subsistence, training and development, professional fees and registration, mobile phones and recruitment costs
Professional fees for services for children	Fees paid to external individuals or organisations for therapeutic services, counselling or other specialist services for the direct treatment or care of children and young people
Property costs	Rates, rents, loan repayments and property insurances, ordinary repairs and maintenance, upkeep of grounds, furniture and fittings (replacement), heating and lighting, cleaning
Supplies and services	Provisions, clothing, social activities and community participation, supplies for children and young people, other supplies and services, excluding children's personal living expenses
Local administration costs	Non-property insurances, Care Commission and other registration/membership fees, printing and stationery, telephones, postage, company cars, leasing arrangements, other general office and administration costs. Also fees paid to external lawyers, accountants, auditors, etc
Children's personal living expenses	Travel expenses, costs associated with activities, hobbies, leisure interests, toiletries, postage, telephone calls, clothing allowance, pocket money, savings, Christmas and birthday presents, annual holiday (for long-term placement)
Central overheads	Contribution to central costs such as payroll, HR, IT, finance, legal, etc and senior management costs

Source: Audit Scotland, based on the work of the Centre for Child and Family Research at Loughborough University

### Councils do not always know how much it costs to set up and maintain placements

**91.** Councils need to know the full cost to the council of each type of provision so that they can make informed decisions about individual placements and also make decisions about future plans and value for money. It is not necessary to know the breakdown of costs that lie behind a provider's fee; it is necessary to know exactly what services to expect for that fee and how much it would cost the council to provide equivalent services.

**92.** The full cost of placing and maintaining a child in residential care is not just the direct cost of providing the place in-house, or the fee paid to the independent provider. It includes the indirect costs of all activity undertaken by social services

and others to set up and maintain the placement. This includes care planning and reviews, visits by the social worker and the family and any additional therapeutic or specialist resource required. Some of these costs can vary significantly, particularly if a child has a number of placement moves or where a placement is some distance from the council area (Exhibit 19).

**93.** The direct costs (including overheads) pay for the core services that all children need – somewhere safe and comfortable to live, food, clothes, toiletries, hobbies and activities and other day-to-day items. Education and therapeutic treatment is included in direct costs where it is provided as part of the standard service, for example a residential school for children and young people with autism.

**94.** The costs of maintaining and supporting placements is the part that varies most because it depends on the needs of the individual child, their circumstances, how long they are looked after, how often they move placements, the placement(s) chosen for them and what is included in the fees.

**95.** We found no evidence of Scottish councils estimating the full costs of different types of care or the processes that support them, and they have not made use of costing models. Yet it is important for councils to understand the cost of maintaining and supporting placements, so they can not only achieve value for money but can be sure that they are directing resources at their priorities and making the most efficient use of the resources they have.

**Exhibit 19**

**Direct and indirect costs of residential placements**

Direct placement costs are only a part of the full cost of placing a child in residential care. There are other costs to councils and other public bodies.



Note: 1. When the placement is with an independent provider, these are the elements of cost that would normally, although not always, be included in the total fee.

Source: Audit Scotland, based on the work of the Centre for Child and Family Research at Loughborough University

**96.** The Centre for Child and Family Research at Loughborough University has developed a costing model that could be of use to councils.<sup>58</sup> The model – The Cost Calculator for Children’s Services – helps compare costs between different types of care, making it easier to estimate the potential benefits of introducing a range of alternative packages. It is used by councils in England and helps estimate the full cost of placements by separating them into eight processes (Exhibit 20). It could be amended to reflect differences in the way the processes work in Scotland, including the children’s hearings system.

**97.** The indirect costs of setting up and maintaining placements are unlikely to vary significantly from one Scottish council to another because many of the processes are determined by legislation. This suggests that the most efficient approach would be for a centrally coordinated project to estimate the costs of different types of care and key processes, providing baseline information as a starting point for all councils to develop their understanding of full costs. The Scottish Government and COSLA would be best placed to drive this forward.

**98.** There are also important non-cost factors that contribute to placement decisions, such as caring for a child close to his/her family or community so that relationships can be maintained and developed during the placement. Councils also report that their decisions can be influenced by having direct control over their in-house services so that they can be more flexible about provision if necessary. Good partnership working and contractual relationships with independent providers can address some of these factors. For example, an independent provider in a medium to long-term contractual relationship with a council, or group of councils, has some security of demand through the contract and may be willing in return to include

## Exhibit 20

### The eight social care processes

The Cost Calculator helps councils to estimate the cost of eight social care processes that together make up the total placement cost.

- 1 Decide child needs to be looked after (including activity for finding initial placement)
- 2 Care planning (including initial assessment of needs)
- 3 Maintaining the placement
- 4 Leaving care/return home
- 5 Finding a subsequent placement
- 6 Review
- 7 Legal processes
- 8 Transition to leaving care services

Source: *Looking after children: At what cost? Resource Pack*, Centre for Child and Family Research, Loughborough University for the Department for Education and Skills, 2005

in their contract some development of services to better meet these concerns.

### Councils cannot demonstrate that they are achieving value for money for residential child care

**99.** Value for money is achieved through ensuring a good balance between the quality of a service, in terms of the outcomes it achieves, and its cost. Councils cannot be assured that they are achieving value for money as there is insufficient clarity about the quality of services and outcomes and the costs of all types of provision available.

**100.** Given the lack of strategic planning, poor contractual agreements, and the need for improvements in specifying outcomes and care planning, many councils cannot be sure that they are commissioning services that best meet the needs of the children they look after. Although councils know how much they are paying for places in the voluntary and private sectors, the lack of strategic commissioning means they have

little control over it. Councils cannot demonstrate that they are using the most cost-effective provision as they do not have full and accurate information to conduct options appraisals or compare alternatives.

### Councils cannot effectively target resources without knowing what different services cost

**101.** Implementing the *Getting it right for every child* programme requires councils to focus resources towards intervening in the lives of children and their families at the first signs of need. Councils need to understand the costs involved at all intervention stages in order to direct resources effectively. Having this information readily available will enable councils to make firm policy decisions on improving the lives of vulnerable children and their families. Research suggests that investing in early intervention services for vulnerable children and families can mean that fewer children need to be looked after by their local council and more go on to live successful, economically active adult lives.<sup>59</sup>

<sup>58</sup> [www.ccfcs.org.uk](http://www.ccfcs.org.uk)

<sup>59</sup> *Backing the future: Why investing in children is good for us all*, Action for Children and the New Economics Foundation, 2009.

## Recommendations

Councils should:

- develop an understanding of the costs of different types of placement, including the full costs of their in-house provision and how it varies with occupancy
- work with independent providers and other councils, and draw on the experience of English councils, to develop consistent service specifications
- use the Audit Scotland checklist in Appendix 4 to help achieve value for money in residential child care.

The Scottish Government and COSLA should:

- identify, in collaboration with councils and independent providers, appropriate costing models to help councils understand the full costs of different types of provision.

# Appendix 1.

## Audit methodology

The overall aim of our audit was to:

- assess how effectively councils use their resources on residential placements for looked after children
- make recommendations to support improvement.

We carried out desk-based research and surveyed 32 councils and a sample of residential child care providers in the voluntary and private sectors. We interviewed a selection of council officers and councillors from Dundee City, Glasgow City, Renfrewshire, South Lanarkshire and Stirling councils and met with other key stakeholders including:

- the Scottish Government
- the Association of Directors of Social Work
- Who Cares? Scotland
- COSLA
- Independent providers
- the Scottish Institute for Residential Child Care
- Scottish Children's Reporter Administration
- Her Majesty's Inspectorate of Education, the Scottish Commission for the Regulation of Care and the Social Work Inspection Agency.

In addition, we read the case files of 60 children and young people in residential care to assess their action plans and focus on the outcomes.

We also sought advice from the Centre for Child and Family Research, Loughborough University, on how to calculate the costs of residential child care.

We also liaised with the National Residential Child Care Initiative (NRCCI), which was undertaking a strategic review of residential child care services, to make sure that our audit complemented, and did not duplicate, its work.

A project advisory group was established to provide independent advice and feedback at key stages of the project (Appendix 2).

We are grateful to all the officers, staff and independent providers who gave us information and advice, and to Who Cares? Scotland for representing the interests of the children and young people.

# Appendix 2.

## Project advisory group membership

Audit Scotland would like to thank members of the project advisory group for their input and advice throughout the audit.

Member	Organisation
Jane Arrowsmith	Educating Through Care Scotland
David Blair	Team Leader, Getting it right for looked after children, Scottish Government
Jennifer Davidson	Director, Scottish Institute for Residential Child Care
Bernadette Docherty	Director of Social Work, North Ayrshire Council and Association of Directors of Social Work
Paula Evans	Convention of Scottish Local Authorities
Kate Hannah	Her Majesty's Inspectorate of Education
Helen Happer	Her Majesty's Inspectorate of Education
Marc Hendrikson	Social Work Inspection Agency
Ronnie Hill	Scottish Commission for the Regulation of Care
Romy Langeland	Chair, Scottish Institute for Residential Child Care, Chair, National Residential Child Care Initiative
Bryan Livingstone	Scottish Commission for the Regulation of Care
Zak McIlhargey	Spark of Genius
Olivia McLeod	Deputy Director, Care and Justice Division, Scottish Government
Marian Martin	Her Majesty's Inspectorate of Education
Elizabeth Morrison	Who Cares? Scotland
Robert Nicol	Convention of Scottish Local Authorities
Irene Scullion	Social Work Inspection Agency

Note: Members of the project advisory group sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

# Appendix 3.

## Looked after children and residential child care: policy and guidance

This table summarises the main Scottish policy and guidance documents relevant to looked after children and residential child care since 1995.

Year	Residential child care policy and guidance	Main issues
1995	Children (Scotland) Act 1995	The Children (Scotland) Act 1995 reformed the law of Scotland relating to children, the adoption of children and young people who as children have been looked after by a council; made new provision as respects the relationship between parent and child and guardian and child in the law of Scotland; made provision as respects residential establishments for children and certain other residential establishments; and other connected purposes.
2001	For Scotland's Children: Better integrated children's services	This report, prepared for the Scottish Executive, made widespread recommendations for improving services to children, young people and families with the aim of improving outcomes, building on strengths, tackling weaknesses and delivering an integrated approach.
2001	Regulation of Care (Scotland) Act 2001	Scottish Parliament legislation regarding the regulation of care. The main areas are: establishment of Scottish Commission for the Regulation of Care; establishment of a system of care regulation; establishment of Scottish Social Services Council to regulate social service workers; and a number of amendments and minor changes in related areas and legislation.
2001	Learning with Care: The education of children looked after away from home by local authorities	This was a joint inspection between Her Majesty's Inspectors of Schools and the Social Work Services Inspectorate, which evaluated the educational and social work services provided by councils to meet the needs of children looked after away from home. The report identified improvements councils should make to ensure all looked after children receive the quality of education they have a right to expect.
2003	Local Government (Scotland) Act 2003	Places a duty on councils to achieve Best Value by improving services and developing an appropriate balance between effectiveness, efficiency and economy. Also places a duty on councils and their partners to develop Community Plans and bring together planning and delivery of local services.
2004	Integrated Children's Service Planning Guidance	The Scottish Executive's Guidance for councils, NHS boards and other planning partners asking them to draw together their separate plans and priorities for school education, children's social work, child health and youth justice into Integrated Children's Service Plans by April 2005.
2005	National Care Standards for School Accommodation	The standards for school care accommodation services which have been developed from the point of view of children or young people who use the services. The standards are grouped under headings that follow the child or young person's journey through the service.
2005	National Care Standards for care homes for children and young people	These standards are for children and young people who receive a service described in Section 2(3) of the Regulation of Care (Scotland) Act 2001 ('the Act') as one that 'provides accommodation, together with nursing, personal care or personal support, for persons by reason of their vulnerability or need'.
2006	Getting it right for every child: implementation plan	The Scottish Government's plan to modernise children's services to ensure every child in Scotland gets the help they need when they need it. The plan aims to reduce bureaucracy, ensure that children's needs are met and enable action to be taken to protect others from children's behaviour.



2006	Extraordinary Lives: Creating a positive future for looked after children and young people in Scotland	A review of services for looked after children in Scotland produced by the Social Work Inspection Agency (SWIA) and published by the then Scottish Executive in September 2006. It concludes that too many looked after children are disadvantaged and too often they are denied opportunities for a stable home life and access to good health and education services. However, with the right support, looked after children can overcome childhood adversity and lead successful lives, particularly where they are supported by adults who believe in them and have the skills to help them.
2006	Changing Lives: Report of the 21st Century Social Work Review	Report of the recommendations made by the 21st Century Social Work Review Group for the future of social services in Scotland. Published by the Scottish Government. It sets out a direction for social work services in Scotland based on the strong core values of inclusiveness and meeting the whole needs of individuals and families. It seeks to equip social work services to rise to the challenge of supporting and protecting the most vulnerable people and communities in the early part of the 21st century.
2006	The Joint Inspections of Children's Services and Inspection of Social Work Services (Scotland) Act 2006	Introduces the provisions for the carrying out of joint inspections of children's services by HMIE, NHS QIS (NHS Quality Improvement Scotland), HMIC (Her Majesty's Inspectorate of Constabulary), SWIA and access to information for those involved in inspecting children's services.
2006	Celebrating success: what helps looked after children succeed?	The Social Work Inspection Agency carried out a study aimed at understanding from people who had been looked after what helped them become and feel successful. The study identified five key conditions that appear to be important foundations on which success can be built. These are: having people in your life who care about you, experiencing stability, being given high expectations, receiving encouragement and support, and being able to participate and achieve.
2006	ADSW Spending Review 2007	An assessment by Prof Arthur Midwinter of expenditure need by Scottish councils on children's social work services 2007–11.
2007	Looked after children and young people: we can and must do better	The Scottish Executive report reflects a desire to see a step change in outcomes for looked after children and young people. To this end, it follows the discussions which took place during the meetings of the ministerial short-life working group and refers throughout to the views and experiences of looked after children and young people.
2008	Sweet sixteen: leaving care	This report by the Scottish Commissioner for Children and Young People made 23 recommendations, including encouraging strong action to change the culture that assumes 16 as the age for leaving care and ensuring workers are trained and informed about young people's rights. Its aim was also to increase awareness of the reasons why young people leave care early.
2008	Caring about Success – Young people's stories	From Who Cares? Scotland, this report captures what success means to children and young people in care, both their own and other people's, and what they aspire to in the future.
2008	These are our bairns: A guide for Community Planning Partnerships on being a good corporate parent	Scottish Government guidance to councils and their community planning partners on how to improve outcomes for looked after children and young people and care leavers, through better fulfilling their corporate parent function.
2008	Care Commission – Protecting children and young people in residential care: are we doing enough?	A review by the Care Commission of practice in residential care for and using physical restraint.

2009	Improving the education of looked after children: A guide for local authorities and service providers	This Scottish Government publication provides suggestions for practice in four areas in relation to looked after children and young people: <ul style="list-style-type: none"> <li>• raising their profile</li> <li>• monitoring their educational outcomes</li> <li>• advice on setting up a project aimed at raising educational attainment and achievement</li> <li>• focusing on achievement and aspiration.</li> </ul>
2009	How good is our corporate parenting – how good can we be?	HMIE self-evaluation guide to assist services to evaluate and improve the quality of their corporate parenting and improve outcomes for each looked after child.
2009	Looked After Children (Scotland) Regulations 2009	These regulations make provision for the duties and functions of councils in respect of children who are looked after by them.
2009	National Residential Childcare Initiative (NRCCI) – Securing Our Future: A way forward for the secure estate	In light of significant investment in the redevelopment of the secure estate in recent years, and the subsequent excess in supply of secure places, this NRCCI report developed proposals for making the most cost-effective use of secure resources to improve outcomes for vulnerable young people and their communities.
2009	Response to Securing Our Future: A way forward for the secure estate	Scottish Government and COSLA response to the NRCCI report.
2009	National Residential Childcare Initiative – Higher aspirations, brighter futures	The primary purpose of the NRCCI was to undertake a strategic review of residential child care services and make sector driven recommendations to the Scottish Government, local government and providers of residential child care.
2009	Response to National Residential Child Care Initiative report – Higher aspirations, brighter futures	Scottish Government and COSLA response to the NRCCI report.
2009	How well do we protect Scotland's children – A report on the findings of the joint inspections to protect children 2005–2009	HMIE led this work in close cooperation with partner scrutiny bodies. In September 2009, it published the final report on the first series of inspections, drawing together the main messages from all the inspections.
2009	Guide to Strategic Commissioning	SWIA produced this guide to assist councils, working with key strategic partners, to evaluate their performance on the strategic commissioning of care and wider supports for adults, children and young people. It also aims to assist councils to evaluate joint commissioning with partner agencies.
2010	Improving Social Work in Scotland: A report on SWIA's Performance Inspection Programme 2005–09	SWIA's report provides a high-level overview of the findings of SWIA's performance inspection programme 2005–09. Evidence is also included from SWIA's criminal justice inspections, multi-agency inspections and individual investigations over this period.
2010	Making the grade – results from the first year of grading registered services – 2008/09	A report on the first full year grading results. In it, the Care Commission looks at the grades that registered services achieved in the year of grading up to 31 March 2009.

# Appendix 4.

## Self-assessment checklist for councils

The checklist on the next few pages sets out some of the high-level practical issues around the quality and cost of residential child care services raised in this report. Councils, and other partners where relevant, should assess themselves against each statement as appropriate and consider which statement most closely reflects their current situation. This will enable councils to identify what actions need to be taken forward.

Issue	Assessment of current position					Comments
	No – action needed	No – but action in hand	Yes – in place but needs improving	Yes – in place and working well	Not applicable	
<b>Clear outcomes for children which are specified in their care plan</b>						
We are clear about the outcomes we wish to achieve for our children and young people in residential care and we have agreed targets that reflect these.						
These outcomes include clear targets for educational attainment.						
There is shared agreement across all departments in this council about the outcomes we wish to achieve for our children and young people in residential care.						
There is shared agreement between this council and its partners (including the NHS board and independent providers) about the outcomes we wish to achieve for our children and young people in residential care.						
<b>Care planning for individual children</b>						
All children and young people in residential placements have individual care plans.						
These care plans clearly set out short, medium and long-term outcomes for each young person.						
The actions required to help the young person achieve these outcomes are set out in a SMART <sup>1</sup> action plan against which progress can be monitored.						

1 Specific, Measurable, Achievable, Realistic and Time-bound.

Issue	Assessment of current position				Comments
	No – action needed	No – but action in hand	Yes – in place but needs improving	Yes – in place and working well	
We review and update care plans for children and young people in residential care in line with statutory requirements.					
<b>Clear strategies and plans based on review</b>					
We have a clear strategy for residential child care. This is based on a Best Value review of residential child care services, focused on both in-house provision and services from independent providers, completed within the last three years.					
We have a clear, costed plan for residential child care to which we have allocated an appropriate budget. The plan is monitored at least quarterly.					
We have considered either full joint budgeting that includes social work, education and health, or at least a standard approach to funding residential school placements that would avoid the need for negotiation on a case-by-case basis.					
<b>Forecasting future need</b>					
We have estimated future demand for residential child care services in the short, medium and long term.					
These estimates are based on a review of the residential child care services utilised by the council over the last three years (in-house provision and services from independent providers).					

Issue	Assessment of current position				Comments
	No – action needed	No – but action in hand	Yes – in place but needs improving	Yes – in place and working well	
We have identified how we will meet the forecast needs.					
Where we have identified that needs cannot be met locally, we are working with providers, other councils and/or national initiatives to find ways of filling these gaps.					
<b>Options appraisal</b>					
We know the full cost of our in-house residential child care provision (including central overheads) per child and how it varies with occupancy rates.					
We have properly evaluated all our service delivery options for residential child care services. We have used accurate cost information to make strategic decisions about the balance between in-house and independent provision.					
<b>Development of service specifications</b>					
To develop consistent service specifications, we have worked with independent providers and other councils, and drawn on the experience of English councils.					

Issue	Assessment of current position				Comments
	No – action needed	No – but action in hand	Yes – in place but needs improving	Yes – in place and working well	
<b>In-house provision – service level agreements</b>					
We have service level agreements in place for our in-house provision. These set out what services are being commissioned, to what quality standards, and what outcomes are intended.					
Service level agreements are monitored at least twice a year to ensure that children and young people are receiving an appropriate service.					
<b>Contractual arrangements</b>					
We have full contractual arrangements in place with all the independent providers we use. These set out what services are being commissioned, to what quality standards, and what outcomes are intended, as well as the cost and payment arrangements.					
Contractual arrangements are monitored at least twice a year to ensure that children and young people are receiving an appropriate service.					
We are using a standard contract or we are working with independent providers, other councils, COSLA and the Scottish Government to develop one.					

Issue	Assessment of current position				Comments
	No – action needed	No – but action in hand	Yes – in place but needs improving	Yes – in place and working well	
<b>Purchase of specialised services</b>					
We are actively engaged in national and regional approaches to purchasing specialised services.					
We are drawing on the experience of other procurement exercises in the council and are making use of national guidance on procurement and commissioning.					
<b>Monitoring and review</b>					
Within the last three years, we have undertaken a Best Value review of residential child care, covering services provided directly by the council and services provided by the independent sector.					
We undertake a Best Value review of residential child care every three years, renew our strategy every three years and monitor and review our plans on an annual basis.					
We have reviewed our systems for recording management information about children in residential care to ensure that they support effective decision-making.					
We make available regular, consistent and accurate information for senior managers and councillors to help them understand and make strategic decisions about residential child care services.					

# Getting it right for children in residential care

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ISBN 978 1 906752 98 9      AGS/2010/8

Printed on Revive 100 Uncoated, a Forest Stewardship Council (FSC) certified recycled grade containing 100% post consumer waste and manufactured at a mill certified with ISO 14001 environmental management standard. The pulp used in this product is bleached using an Elemental Chlorine Free process (ECF).

