Research Brief
Children’s homes: understanding the market and the use of out of authority placements

Emily R. Munro, Sam McDermid, Katie Hollingworth and Claire Cameron

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November 2013

Introduction

In July 2012 the government made a commitment to reform children’s residential care. This followed the conclusion of the high profile Rochdale child exploitation trial and reports from the Office of the Children’s Commissioner and the Joint All Party Parliamentary Group (APPG) Inquiry on child exploitation in gangs and groups who go missing from care (APPG Inquiry, 2012; Berelowitz et al., 2012). Expert working groups were subsequently established to examine issues of concern, including: the quality of children’s homes; use of out of authority placements; and children missing from care. The Childhood Wellbeing Research Centre was also commissioned to undertake a rapid response study to promote improved understanding of the children’s residential care market, factors influencing placement decisions and the use of out of authority placements.

Aims

The aims of the research were to:

- Identify the key factors influencing local authority decisions to place children in residential care both within and outside the local authority;
- Explore the children’s residential care market and local authority commissioning and procurement strategies;
- Examine the challenges and issues that arise when children are placed out of authority and how these might be overcome.

Methodology

Fifteen local authorities were purposively selected by the Department for Education (DfE) to participate in the research because they placed a high proportion of looked after children in children’s homes outside their own local authority boundaries, or because a high proportion of children from other local authorities were placed in children’s homes in their area. The sample included five local authorities in the North West, three in the West Midlands, three in the East of England, two in the South East, one in Yorkshire and the Humber and one in the North East. Seven of the authorities were Shire counties, seven were Metropolitan districts and one was a Unitary authority.
Between mid-June to early July 2013 a total of 23 telephone interviews, lasting approximately one hour, were undertaken with one or more managers in each of the participating authorities. Further details are outlined in Table 1, below.

Table 1: Interviews by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of authorities participating in the research</th>
<th>Telephone interviews undertaken</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Assistant Directors of Children’s Services or Heads of Service</td>
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<tr>
<td>North East</td>
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<td>0</td>
</tr>
<tr>
<td>North West</td>
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</tr>
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<td>Yorkshire and Humber</td>
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<td>1</td>
</tr>
<tr>
<td>East Midlands</td>
<td>0</td>
<td>0</td>
</tr>
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<tr>
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<tr>
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<td>0</td>
</tr>
<tr>
<td>London (outer)</td>
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<td>0</td>
</tr>
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<td>2</td>
<td>1</td>
</tr>
<tr>
<td>South West</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>13</td>
</tr>
</tbody>
</table>

Interviews were recorded and extensive notes taken. A coding framework was developed to support thematic analysis of the data.

Findings

The role and use of children’s homes

- At 31 March 2012 nine percent (5,930) of looked after children were placed in secure units, children’s homes or hostels. In participating authorities the proportion of looked after children placed in these settings ranged from two to 16 percent (Department for Education, 2012).
- Local authorities favoured the use of family based care (with extended family or foster carers) wherever possible, but recognised that children’s homes
were ‘necessary’, ‘appropriate’ or a ‘positive choice’ for those who could not live in a family environment.

- Three local authorities identified that their use of residential children’s homes had changed and that they were no longer seen as the last resort when ‘all other options have been exhausted’. As one Head of Service reflected:

> What we are trying to do is we are trying to see residential care as a stepping stone into more family based care. We recognise that for a very small number of young people, residential care might be a long term option but what we’re trying to do is to get to a point where for the majority of our young people who go to residential care it’s seen as a short term option with a view to moving to family based care whether that be foster care, supported lodgings or return back to family.

- At least four local authorities highlighted that they were investing in ‘enhanced [or intensive] fostering and more creative solutions to meeting children’s needs’, including for example, targeted services for those on the edge of care, Multi Systemic Therapy (MST) and remand fostering.

- Changes such as those outlined above may alter the needs profile of entrants to residential care and patterns of demand. This may, in turn, alter the demand side of the market for children’s homes in the future.

**Use of in-house local authority provision or private or voluntary children’s homes**

- All the authorities participating in the research ran some children’s homes (in-house provision) but there were also a number of private or independent providers offering placements in each authority.

- Six local authorities were investing in their in-house provision. In the majority of these cases there was an adequate supply of independent provision within the local authority but what was available was not always considered to be of the same quality as local authority homes and/or to represent value for money. Other factors influencing the decision whether or not to invest in in-house provision included: historical overreliance on external placements; recognition of the importance of local placements (in response to consultations with children and families); in-house investment in the workforce (influenced by social pedagogy).

- Nine local authorities were reducing or maintaining their in-house residential estates. This was because they had large estates or an adequate supply of placements (either in-house, independent, or a combination of both). Five areas were anticipating that demand would fall in time as a result of early intervention and prevention initiatives and investment in fostering services.
• While concerns about the quality and cost of children’s homes tended to centre upon private providers, a small number of professionals highlighted that this was an oversimplification. One local authority was reducing their in-house provision because the performance of their own homes had been inconsistent.

Placement decisions

• The majority of local authorities opted to utilise in-house local authority placements where there was capacity to do so and this met the young person’s assessed needs. A few acknowledged that they only had a small number of vacancies. This was not necessarily perceived to be a problem if quality placements were available in the region (not necessarily within the local authority boundary).

• Social workers’ assessments of needs, risks and intended placement outcomes were provided to senior managers, resource panels and procurement teams to inform the matching process and placement decisions.

• Respondents reported that a number of considerations were taken into account to inform placement decisions. These included: Ofsted ratings\(^1\); the geographical location of the home and its proximity to the child’s family; education and health provision and the capacity of the home to meet the child’s assessed needs; the reputation of the home; past knowledge and experience (data from monitoring visits or intelligence from neighbouring authorities); needs and circumstances of other young people in the placement\(^2\); and cost. While cost was identified as a key consideration, local authorities stated that the central concern was finding a placement to meet the child’s assessed needs. A small number of interviewees acknowledged that it was challenging to determine the differences between homes and the likelihood of securing the best possible outcome.

• It was also identified that placement decisions can have an impact on local communities, but children’s services have no control over where independent providers set up\(^3\) and do not have the right to access these homes.

• Local authorities who participated in the research (both high importers and exporters) outlined that they had established processes to ensure that their looked after children were placed in children’s homes that were of a high standard and met their assessed needs. However, their accounts as ‘receiving authorities’ suggested that children from other areas were being

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\(^1\) Minimum expectations for inclusion on frameworks or approved lists were that homes were rated as good.

\(^2\) Once placed local authorities do not have any control over who else is placed in the home but this can influence its suitability.

\(^3\) There are variations in the interpretation of planning regulations depending upon whether children’s homes are deemed a place of residence or business. This influences the level of control by the local authority to which they are subject and the number of providers in given areas.
placed a long way from home, in non-specialist provision that they would not use themselves. This mismatch raises questions about whether there are pockets of poor placement practice in a small number of local authorities, or, more widespread problems for local authorities in accurately assessing the quality of placements (even though they have systems and protocols in place that are designed to facilitate this).

Commissioning and procurement

Patterns of demand for, and supply of, children’s home places vary across the country. As Table 2, below, shows local authorities have adopted different approaches to the commissioning and procurement of placements from independent providers.

Table 2: Local authority approaches to the commissioning and procurement of placements from independent providers

<table>
<thead>
<tr>
<th>Approaches to the commissioning and procurement of placements from independent providers</th>
<th>Spot purchasing</th>
<th>Block contract</th>
<th>Rolling select provider or approved list</th>
<th>Single or joint Framework agreement</th>
<th>Regional Framework agreement</th>
<th>Total</th>
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</thead>
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<td>Yorkshire and Humber</td>
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<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>South East</td>
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<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>7</td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

- Over half the local authorities in the sample were part of joint or regional consortia. These arrangements were welcomed by managers because they

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*Missing data from one local authority*
perceived that collective negotiating power supported local authorities to drive up standards and secure best value.

- In the most recent Ofsted inspections 15 per cent of children’s homes were judged to be outstanding and a further 57 per cent were rated as good (Department for Education, 2013). To be included on framework agreements or approved lists, providers were required to be good or outstanding.

- Authorities that had fewer than 65 young people in children’s homes in the year ending March 31 2012 were all part of regional consortia with the exception of one, which had invested in its in-house provision and ‘spot purchased’ where necessary.

- Different procurement and commissioning strategies are appropriate to different market conditions. The most common arrangement in the North West, which has an adequate supply of homes, was the use of framework agreements with providers that were rated good or excellent and who were assessed to offer value for money.

- One local authority highlighted that large consortia in regions with high supply can have unintended consequences because those providers who are not on the framework\(^5\) are unable to obtain business locally. To survive they will have to seek business from local authorities outside the region. They may also be more inclined to accept children whose needs they may struggle to meet in order to maximise occupancy. Overall, this may result in a concentration of children with complex needs, living a long way away from their original homes, in residential settings that the receiving authority deem to be unsuitable for their own looked after children.

- In the North East, which is an underdeveloped market, one local authority had purposively opted to establish a rolling select provider list (in collaboration with neighbouring authorities) because they did not want to restrict entry to a market that they perceived would benefit from expansion\(^6\)

- Some local authorities had taken steps to try and communicate and develop relationships with providers to shape the children’s homes market. Others acknowledged that they should be more proactive in analysing management information system data, (and sharing this with neighbouring local authorities), to inform discussions with providers about gaps in the market and future needs. However, local authorities also highlighted that it is not always straightforward to shape the market because it is difficult to forecast future demand for placements for a small group of children with complex needs (high needs/low volume).

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\(^5\) This will include those with lower Ofsted ratings and those that are not deemed to offer value for money.

\(^6\) Had they opted for a framework agreement new suppliers would not have been able to join the framework as the parties included on the agreement are fixed for the life of the framework.
• Responses from a small number of authorities suggested that they placed the onus on providers to identify changing trends in need and demand (based on placement request data) and expected them to adjust their business strategies accordingly.

• Individual authorities may not require enough highly specialist placements to stimulate independent providers to cater for specific complex needs. A couple of local authorities reported that they were sharing information on the needs profiles of their looked after populations, (and projected demand for children’s home placements), with neighbouring authorities. This allowed them to determine whether, as a collective, they had a critical mass of cases to provide leverage and encourage providers to develop services in response.

• Consortia had established shared quality monitoring standards and information sharing protocols. These facilitate the collation of information about individual homes to inform future placement decisions. Arrangements were also in place to ensure that visits took place when homes were downgraded. However, local authorities considered that child-level decisions about subsequent action were not always straightforward. Decisions about whether or not to move a child need to take into account: the nature of the concerns about the quality of care; likelihood of issues being addressed in a timely manner; the impact of moving the child (in terms of stability and continuity); and the child’s wishes and feelings.

• A small number of interviewees cited examples of homes that had met the criteria for inclusion on framework agreements but that they personally assessed to be of a low standard. This was perceived to reflect the procedurally focused nature of Ofsted inspection criteria and issues concerning variations in the quality of provision over time (which may be strongly influenced by changes in management and staffing).

Out of authority placements

Local authorities reported that the majority of their looked after children were placed in children’s homes in their own region (although some of these placements were technically out of the local authority area).

• Respondents highlighted that there is a public and media misperception that if a child or young person is in an out of authority placement they are ‘200 miles from home’, while in practice they may still be ‘geographically very close’ and living a short distance from their family and social network. As one manager reflected:
The term out of authority is not that helpful as we have children in out of local authority placements that still live in this city. It tends to be inferred that they’re many many miles away from home when often that is not the case.

- The most frequently cited reasons for using out of authority placements were needs led. Placements were intended to secure specialist provision for children with complex disabilities or severe mental health issues, or were selected to establish some geographical distance to break patterns of risky behaviour (for example, child sexual exploitation, offending behaviour, gangs and guns).
- During the course of the interviews it became evident that there were different professional perspectives on appropriate service responses to meet the needs of children who were being groomed for sexual exploitation, or who were frequently absconding. There was an acknowledgement that distance alone does not resolve problems and that there is a need for further work to determine the most effective approaches to working with these young people.
- Four local authorities acknowledged that historically a number of their looked after children had been placed at some distance from the local authority. In such circumstances they highlighted that it may not be in the young person’s best interests to return. As one manager reflected:

  Luckily the supportive climate locally means that we are not expected to break long term placements because of financial imperatives or fear that figures [on out of authority placements] look bad. It would be wrong to move young people who are settled and well established in long term [children’s home] placements [that are out of the authority].

- In situations where children are placed a long way from home, local authorities encounter a range of additional challenges and issues as they try to protect and promote their welfare. First, they cannot rely on their local knowledge and intelligence on the quality of homes or the suitability of their location. Second, the local authority is reliant on providers or the receiving/host local authority to notify them of concerns, unmet needs or changes that may affect the quality of service provision (for example, changes in the management or staffing of the home). Third, travel times mean that oversight may be reactive ‘when problems surface’ or limited to statutory visits and occasional monitoring visits. Finally, the distance between the child and their family may limit contact and relationships and undermine the scope for work with the whole family to address problems or issues.

‘Imported’ children: issues for receiving authorities
Six of the participating authorities were net ‘importers’ of looked after children in children’s homes; a higher number of children from other local authorities are placed within their boundary than they place out of authority. The implications of this depend upon the numbers involved (relative to a local authority's size and population) and the level of service and support local authorities are willing and able to offer to external children living within their area.

The majority of receiving local authorities reported that other local authorities were placing children in homes that they would not use themselves because they perceived them to be of poor quality. These assessments were based upon local intelligence, for example, on the management and staff in homes or data on missing children. The Ofsted inspection framework was also implicated as this was perceived by some to be procedurally focused and based on minimum standards.

Findings indicate that although local authorities have a statutory duty to notify receiving local authorities that they are placing a child in their area, and when these children leave, in practice this does not always happen. As a high ‘importer’ highlighted:

It’s very hard to be responsible for the children that you do not know are here. What we know is that there must be significant numbers of children here but that doesn’t tally with the notifications we receive. The most children that can be living in this local authority is 122 because that’s the number of beds we have and some of these will be our children, but when we look at our records we have 279 from other local authorities. This shows that we have not been told by these local authorities when these children have left our area.

Interviews revealed that even when local authorities are notified that a child is being placed in their area, in the majority of cases this is a paper-based exercise. It was noted that this may not be sufficient to facilitate the most effective service responses if problems arise (which is not uncommon given the complex needs of this population of children).

Local authorities reported that placing authorities do not always heed their warnings about the reputation of independent provision in their area (‘they believe the brochure’).

There are also resource and capacity implications for children’s services, schools, pupil referral units, the police, youth offending teams, health services and Child and Adolescent Mental Health Services (CAMHS) when children from other local authorities are placed in the area. The burdens are not equitably distributed because of the uneven distribution of children’s homes.
and because partner agencies have different arrangements for recouping costs from placing authorities. One manager reflected:

*Where you are an authority who is net importing it does place a huge strain on resources because…although we are not responsible for monitoring their care plans…if they need extra resources at school or CAMHS or health monitoring, drug and alcohol support then we have to provide that.*

**Messages for policy and practice**

- The market for children’s homes needs to be understood within the wider context of the ‘whole system’ rather than in isolation. Moreover, the market is complex and patterns of demand and supply vary across the country so a ‘one size fits all approach’ is not appropriate.
- Local authorities (working singly or in partnerships) could do more to systematically collate, analyse and interpret management information system data and qualitative information to effectively forecast demand for services and supply providers with information about the level of need they predict and the range of services that they require. Further support and guidance on this would be valuable to support more effective market management.
- Meeting the needs of children with the most complex needs (high needs/low volume) presents a challenge for local authorities. It would be valuable to map the geographical spread of highly specialist provision, identify gaps in the market, and explore what action should be taken by the government, providers and local authorities to address these.
- The research illuminated a discrepancy between local authorities’ accounts of their commissioning arrangements and placement decision-making process (which were designed to secure high quality provision) and their reports that looked after children from elsewhere were being placed in children’s homes that were of a poor standard. Further work is needed to determine whether certain authorities have failed to establish effective arrangements, or whether there is a more widespread problem that placing authorities are not making accurate assessments of the quality of provision despite their best intentions to do so.
- The current system of information sharing between placing and receiving authorities was found to be poor and weak. Measures should be taken to strengthen the system so that all parties are clear about where children are placed and respective roles and responsibilities for protecting and promoting their welfare.
- There needs to be greater dialogue between placing and receiving local authorities to inform out of area placement decisions and subsequent reviews if placements go ahead. This should include discussion of children’s needs
and draw upon local intelligence and knowledge about providers and the services they offer.

- Procedures need to be put in place to strengthen arrangements. Development of these needs to take into account the financial and human resource and capacity implications changes will have for local authorities (particularly high importers).
- Findings support proposals to amend the Children’s Homes Regulations 2001 (as amended) and the Care Standards Act (Registration) (England) Regulations 2010 to improve collaboration between children’s homes and services in local communities and to strengthen Ofsted’s inspection regime.
- Research is needed to determine the most effective service responses to address complex health needs and to break patterns of risk taking behaviour (for example, child sexual exploitation (CSE), offending behaviour, gangs and guns). Without this information local authorities cannot make informed decisions about what services they should commission to meet these needs.

References


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