



Key Messages from Research Children's Residential Care

David Berridge



The role of children's residential care

- The role of children's residential care in the UK has changed considerably over the past 40 years due to concerns over its perceived suitability for children's upbringing; scandals of physical and sexual abuse; and high costs. It is now a much smaller, minority service.
- However there is general consensus that residential homes serve important functions for certain children in certain circumstances – particularly older adolescents for whom a family placement is not appropriate.
- Martin Narey conducted a thorough review of children's homes for Government in 2016 and concluded:

'I think the role of children's homes is misunderstood, the challenge of the children they care for underestimated, and the contribution they make too easily dismissed. Three quarters of homes are good or better. Some are genuinely outstanding ...That is not to say children's homes cannot be improved'.



Outcomes of residential care

- We do not have good evidence on the outcomes of children's residential care as the range of influences (eg child characteristics/context/quality of care) have not been controlled; a wide range of outcomes have not been considered; and there is insufficient evidence of young people and parents' views. Most placements are short-term.
- There is some evidence of relatively lower educational attainments of residents possibly due to the group effect.
- The 'What Works' literature concludes that the following are important in residential care: placements as part of a continuum of care; positive relationships between staff and children; parents' involvement and support for them; a 'normal' home environment; good leadership with vision and purpose; and highly skilled, motivated and qualified staff
- There are concerns over the 'under-professionalisation' of residential care linked to the relatively low pay and working conditions, and low level qualifications. Despite its positives, it is not an attractive service to many.



The market and profits

- In contrast to most the 20th century, the majority of children's residential care is now privately-run (around three-quarters) and this proportion is growing.
- Research for the Local Government Association showed that the largest 20 independent providers of children's services had annual income of £1.54 billion, and made £265 million profit at a margin of 17.2%. Private Equity ownership and funding are the most common models. There is continuing growth of income, profit and profit margin from these largest providers.
- Ten providers make up 30% all residential places, and 6 providers supply 50% of all fostering places. There is concern if some of these ceased to trade, as in adult services, and profitability is uneven. There has been increased dependence on debt (lending) – private equity bank lending among these providers currently stands at £894 million. Three large providers have negative net assets – three more if intangible net assets are excluded. There is fragility in the income from children's services and many LAs have severe overspends. This seems a very precarious national framework for such crucial services for vulnerable children.



Unregulated provision

- There is much concern about the extent and nature of unregulated provision (ie not covered by the law). This provision was intended to support over-16s to live independently – so not full-time care.
- The former Children’s Commissioner reported that 1 in 8 of all children in care spent some time in unregulated accommodation over the course of a year. It now feels a more mainstream service than in the past. There are concerns over standards
- It is suggested that the growth in unregulated provision has been fuelled by the lack of suitable children’s homes places, especially for those with complex problems.
- There are strong arguments that all residential provision should be fully regulated, brought within the law and inspected by Ofsted. No 16/17 year-olds – and often younger – should be denied full care and are very often too young to be expected to live ‘independently’.



Sources

- Children's Commissioner (2020) *Unregulated: Children in care living in semi-independent accommodation*. London: OCC
- Hart, D., La Valle, I. and Holmes, L. (2015) *The Place of Residential Care in the English Child Welfare System*. London: DfE.
- Narey, M. (2016) *Residential Care in England. Independent Review of Children's Residential Care*. London: DfE.
- Rome, A. (2020) *Profit making and Risk in Independent Children's Social Care Placement Providers*. London: LGA and Revolution Consulting Ltd.

