

## 1. Introduction

We welcome the opportunity to comment on the Public Accounts Committee's inquiry on care experienced children and young people. Given that all too often children's needs are not prioritised it is appropriate to take time to consider the issues covered by the inquiry and look at how we can all best meet the needs of children and young people.

We know that outcomes for Looked After Children (LAC) do not compare favourably with other children. They are less likely to achieve good educational qualifications, have greater health and housing needs, are more likely to become involved in substance misuse and come into contact with the criminal justice system. However, we must recognise looked after children and their families will have accessed a plethora of universal services and interventions prior to reaching the door of Children's Services and their needs for the future will reflect their history of less access to resources and greater disadvantages prior to entering public care.

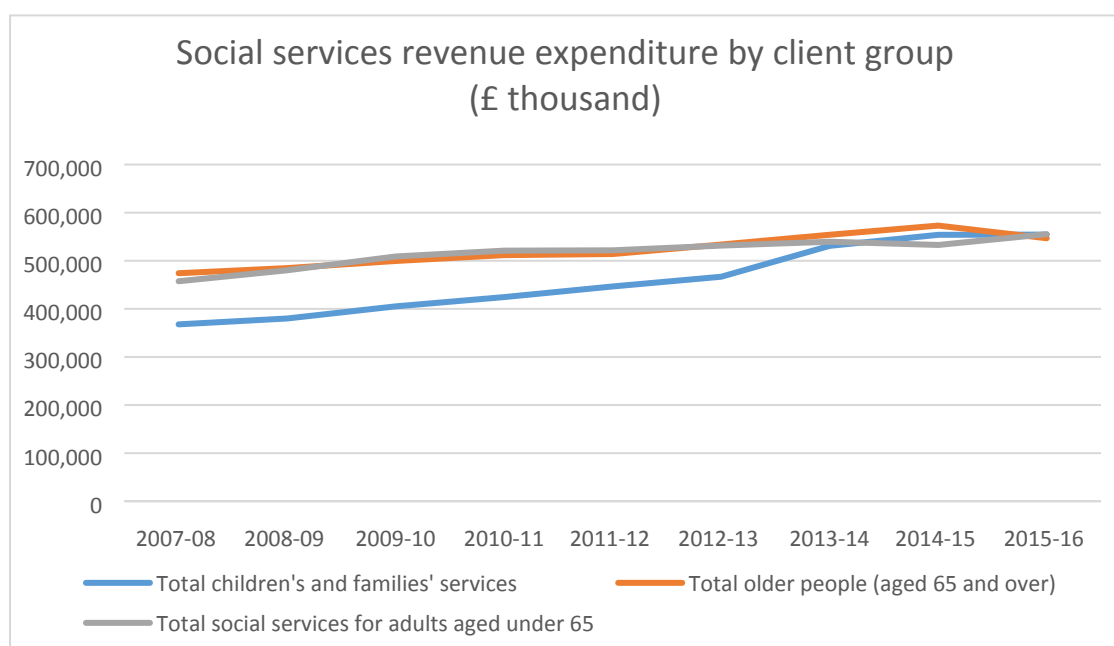
The reasons why children become looked after and their needs while in the care system are complex. Children who are looked after will have experienced forms of loss, abuse and neglect prior to entering the care of the local authority. Ensuring they can achieve their full potential and lead happy childhoods followed by enriching adult lives requires compensatory resource and care from all agencies beyond that provided routinely to their peers. Achieving an impact on the child's outcomes that is both positive and enduring requires their needs to be prioritised by all agencies while they are looked after and, in some circumstances, afterwards. For some children this will be regardless of whether they return home, remain looked after or are placed permanently elsewhere through adoption, special guardianship or residence.

Prior to addressing the four key points laid out by the Committee we will set the background of the current funding and pressures across Children's Services.

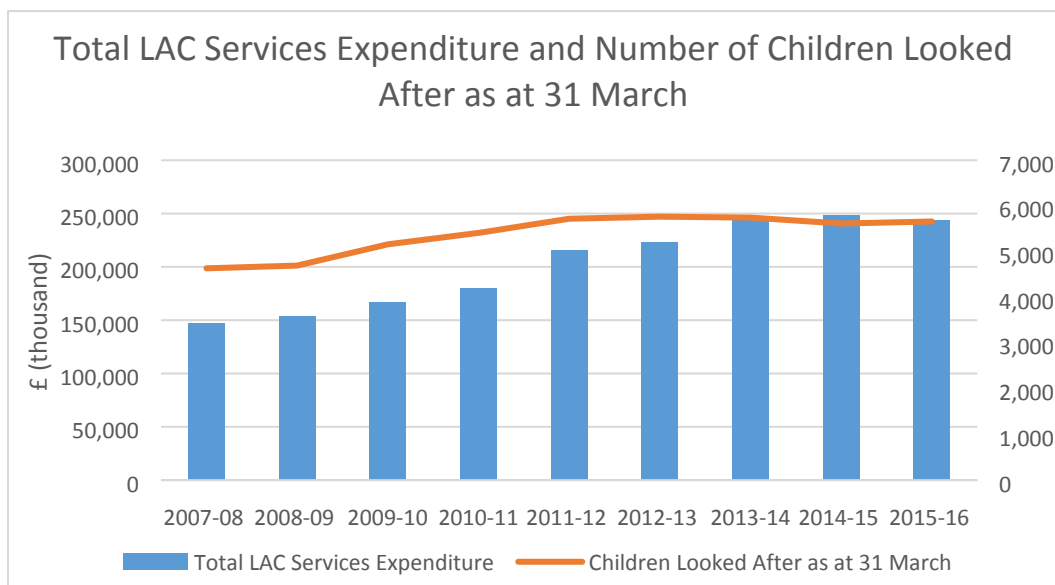
## 2. Overall Cost

Over the past decade the number of children in the care system in Wales has risen, with a 25% increase in children looked after and a 32% increase in children placed on the child protection register compared with 10 years ago. This has been reflected in the expenditure on Children's Services over the same period.

The graph below demonstrates how the revenue expenditure on children's and families' services has increased over the last 10 years, with a 51% increase between 2007 and 2016. This increase has brought spend on children's and families' services in line with that of expenditure on both adults under 65 and on older people. Children's and families' services now make up a third of social services expenditure:



The most significant area of spend within children's and families' services is in relation to services for Looked After Children which has seen a 66% increase in expenditure over the same period of time. The graph below shows this spend against the number of recorded looked after children by authorities as at 31 March, which demonstrates that both follow a similar trajectory.



This increase in spend evidences the commitment that has been made by local authorities to meet the demands being placed on services by the rising numbers of looked after children. However, this is becoming unsustainable, with most local authorities now anticipating significant overspends on their children’s services budgets for this year.

This increase in expenditure comes during a period of significant financial austerity faced across the public sector. In his Financial Resilience Report, the Auditor General has calculated that between 2010–11 and 2016–17, there was a real-terms reduction of £761 million (17%) in aggregate external finance (core grant) for local government. This has had varying impacts across local public services with some areas experiencing real terms reductions of over 50%, and spending at levels not seen since the 1990s. Pressures are set to continue, with the work undertaken for Wales Public Services (WPS) 2025 on Future Pressures demonstrating that pressures in social services budgets drive around 2.9% growth each year, which is around £47m annually up to 2021–22. This includes increases in LAC as well as the elderly population.

The recent draft budget announcement will mean a further reduction in the revenue settlement (Aggregate External Finance) of 0.5% compared with 2017–18. This is in addition to local government’s spending pressures which will total around £212m in 2018–19 which will have to be absorbed by councils.

### 3. Children's Services Pressures

In particular we would wish to highlight the following four key areas where pressures are being experienced in relation to children's services:

#### Workforce

Child and family social work is challenged by high turnover and vacancy rates and a reliance on agency staff, with demand for permanent, experienced workers outstripping supply (with children's social work now on the national occupational shortage list). The average working life for social workers is under eight years, compared to 16 for a nurse and 25 for a doctor<sup>1</sup>. This represents a low return on the investment in training and real challenges for building and retaining professional expertise.

The number of individuals wishing to train as social workers has fallen with colleges experiencing gaps in social work degree courses. The public perception of particularly children's social work is likely to be contributing to the fall in those wishing to train.

Experienced social workers leaving the profession impacts on the quality of services since it is through experience that workers develop the expert knowledge and analytical skills that are vital elements of complex child protection and looked after children casework. Similarly, less experienced social workers often do not have the range of knowledge or skills to comprehensively plan for or directly deliver services to move on children with very complex needs. Since new practitioners learn through interaction and peer support, a shortage of experienced staff also reduces the quality of the 'community of practice' for those entering the profession.

The flow of staff out of the profession impedes a culture of "growing" managers and hence decision makers. Safe decision making and a willingness to safely manage risk in Children's Services is crucial and churn in relation to middle management posts presents high degrees of risk and uncertainty. The pressures exerted on some managers from partner agencies who may be risk averse adds to the burden of personal responsibility and stress levels experienced.

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<sup>1</sup> Curtis L, Moriarty J and Netten A (2010) 'The expected working life of a social worker'. *British Journal of Social Work* 40(5), 1628-1643.

A lack of skilled workers reduces service users' and other agencies' confidence in social workers and the gaps left by those who leave cause additional pressure for remaining workers. Continuity of relationships for service-users can be compromised by high staff turnover and can exacerbate the issues children and young people face. This increases particularly the stresses for children in long term foster care and/or residential care.

The nature of social work with children and young people is increasingly complex and focused on the most complex child protection, often with children and young people who have experienced significant trauma from their earliest years. This is particularly challenging for those less experienced social workers, with the knock-on effect being that more people leave the profession earlier. This has meant that for some authorities the use of agency staff has been hard to avoid when trying to recruit experienced staff. This can further destabilise teams, since agency workers have the apparent flexibility to leave difficult situations. Those workers who remain can become more unsettled and may look to leave themselves.

Parts of Wales have seen challenges in retaining staff when better rates of pay have been offered in other areas. For example, some authorities have reported losing staff, particularly across the border, to other local authority children's services placed in special measures who are able to offer better pay as a way of recruiting experienced staff to help improve performance.

### **External demands and complexities**

We are seeing unprecedented pressures on families for a range of reasons. Cuts to those services that previously kept people's heads above water have meant more families are finding their way through to even more expensive child protection services. The ongoing introduction of welfare reforms and a decade of austerity has amplified the challenges for families.

On 12.10.2017 the Local Government Association reported during the ten years 2008 – 2017 a 90% increase in child protection referrals with a 130% increase in care proceedings. Currently in England 90 children a day come into local authority care with a two billion shortfall in funding. The trajectory in Wales is similar with Children's Services increasingly being confined to fire fighting.

As with the rest of the UK the declining emotional well-being and increasing poor mental health of children and young people whilst not fully understood impacts directly on the need for family support as does the increasing number of children being presented with behaviours which families struggle to manage. We can theorise as to the impact of social media, increased bullying, academic expectations and societal fragmentation but the outcome for families is a need for support and an increasingly complex web of difficulties.

Recent high profile scandals have increased our understanding of the likelihood of risk of child sexual exploitation (CSE) and the wider understanding of the imperative to act to protect children and young people at risk of sexual exploitation has increased referrals. We have seen an increase in the number of initiatives that are aimed at early identification and intervention such as the Violence against Women, Domestic Abuse and Sexual Violence (Wales) 2015 Act, the evidence based work in respect of Adverse Childhood Experiences (ACEs), Flying Start and Families First. An unintended impact that we perhaps need to consider is the resulting increase in referrals received by local authorities. Anecdotally, the overwhelming increase in cases coming forward are concerned with neglect with significant increases in domestic violence, issues which are increasingly highlighted as a result of the support that is provided as part of earlier intervention services.

In response local authorities are looking at different ways of mitigating the additional costs arising from these pressures including the use of reserves and additional funding to support the development of preventative 'Edge of Care' Teams. Local authorities have also revisited their prevention strategies as well as their LAC strategies in recent years. This has been a necessity, not only to face the increase in LAC population but also increasing financial pressures facing local authorities and more latterly in order to plan for and implement the Social Services & Well-Being (Wales) Act 2014.

Considerable investment has been put into support teams which work directly with children and young people and their families to work at levels of need at intensive and remedial intervention levels. Most of these work with families to try to prevent children coming into care, work with families to return children home within weeks of becoming looked after as well as working with rehabilitation plans for those children who have been in long term care.

The development of the National Adoption Service for Wales, the collaborative of all 22 local authority adoption services, has placed a focus on improving adoption support services so that the ongoing needs of this group of children, rooted in their early childhood experiences but often unmitigated by their care experience, can be met. Research has demonstrated that within the cohort of children placed for adoption in Wales in 2014–2015 47% had experienced 4 or more Adverse Childhood Experiences (ACES) before they were placed. This places them at the highest risk of later life impact and compares to just 14% of the general population. It is likely that there is a comparable level of ACES in the other groups of children whose needs we seek to meet.

Recent years has seen significant investment in Children and Adolescent Mental Health services (CAMHS) through the Together for Children and Young People Programme (T4CYP), with Welsh Government announcing an additional annual investment of £7.65m in mental health services for children and young people in Wales in 2015. We recognise the fact that CAMHS in Wales are under more pressure than ever before, and in spite of additional investment and staffing, does not have the capacity to meet demand. However, despite some very committed work by individuals within health, local authorities continue to face a challenge in sourcing health services to offer sufficient priority to the emotional and mental health needs of children in care and care leavers. This results in the burden of responsibility being placed on local authority children's social services. There has been a long standing disconnect between the access threshold applied by CAMHS and the presenting emotional resilience needs of looked after children and care leavers. The issue of looked after children and care leavers' rights to an appropriate range of provision to meet their psychological and emotional health needs, when they need it and for as long as they require it, including the transition into adulthood, needs to be urgently addressed on an all Wales basis. There are isolated examples of psychological therapies being deployed to good effect by health services to meet the needs of specific groups of looked after children which, if extended across Wales, could go some way to addressing this.

The requirement for psychological and psychiatric assessment, intervention and support through the Family Courts and then into placements continues to be an area of unmet need. Local authorities are resorting to filling the gap with expensive and often unsustainable solutions to broker between the demands of the courts and the availability of the health services.

## Placements

The majority of children who are looked after are cared for by foster carers where children receive positive and nurturing care in stable placements. Residential care also provides many children with positive care and across local authority and agency providers for both foster care and residential care there are committed, enthusiastic and positive carers.

However, the increasing complexity of cases and the growing numbers of children are negatively impacting on both the availability of appropriate placements and the cost of placements. An ageing foster carer population and the increasing costs of providing residential care are draining the sector. Despite the initiatives of the National Fostering Framework, the work of the Welsh Government Residential Task and Finish group, the commitment of local authority placement teams and the work of the Children's Commissioning Consortium Cymru (4Cs) the lack of appropriate placements for looked after children is approaching a crisis position.

Despite local authorities' strong commitment to ensuring placement choice and stability most have struggled to recruit foster carers in sufficient numbers to provide the range and choice of placements needed, particularly for those young people with challenging behaviour and with additional needs. Local authorities report similar shortages in the independent sector. This apparent deficit in the foster carer market raises complex challenges across Wales. A similar deficit is increasingly apparent in residential provision and particularly in the availability of placements for children presenting with the most complex needs.

The table below details the relative spend across local authority placements and independent fostering agency placements for Welsh children placed in foster care in 2014-15.

Provider	Costs	No of Placements	Average cost of placement per year
Local Authority	£51,320,599	2,200	£23,327
Independent Agency	£52,271,037	1,205	£43,378

The provision within independent agencies is spread between not for profit organisations and those seeking to profit. The businesses providing care are multimillion pound enterprises with some being traded on the stock markets and with income for directors and shareholders running into millions.

The pressure of the cost of placements is exacerbated by the difficulties in placing children within or near to their home local authority and the lack of consistency in outcomes for children.

The cost of residential placements is similarly stretched with significant variations. The current lack of placements is contributing to a position where a provider's market is able to charge opaque rates with placements being currently purchased by Welsh local authorities ranging from £2,500 – £16,000 per week. The desperation of local authorities to secure placements has led to children being placed across the UK. The planning for placements becomes lost in the need to place a child anywhere at that point in time. Meaning that good practice in matching and planning for safe and positive placements can be lost in crisis situations.

Our understanding of the costs of providing support to children who exit the looked after system, into adoption for example, is still developing. Work undertaken by the Institute of Public Care for the National Adoption Service in 2017 indicates that the cost of providing support would be significantly less than the current costs of the small level of adoption breakdowns and ongoing placement costs for children whose adoption placement is delayed due to the complexity of their needs.

### **Legislation and work with the Courts**

Although recent years have seen a stabilising of overall numbers of looked after children in Wales a number of authorities are very recently reporting substantial increases in the number of looked after children in their care which places significant pressures on budgets. The last few years have seen a substantial increase in the number of care applications that have been made, with a significant increase in the number of children subject to care proceedings, rising from 1,371 in 2015–16 to 1,642 in 2016–17. Despite this increase cases in Wales were completed in an average of 24.5 weeks compared to an England and Wales performance of 27 weeks. The completion of cases within the timescales and all

the concomitant work is placing substantial demands not just directly on Children's Services but also on the legal teams within local authorities.

The total number of children involved in public law proceedings in 2016–17 was 3,012, an increase of 17% on the previous year. Public law applications have increased over the past three years, with a 24% increase since 2014–15. The main driver in public law work is Section 31 (care) applications. Section 31 applications are made to the court by a local authority where it has significant concerns about the safety or welfare of a child, which saw a 25% increase on the previous year. These issues as well as the expectations from the judiciary continue to add to the pressures and burdens being placed on children's services staff, as well as coming with significant costs attached.

The expectations emerging from legal judgements have created a challenging environment for staff and managers in individual care planning as well as unexpected trends in outcomes which impact on the ability to strategically plan services. A 38% fall in Placement Orders for adoption granted over a two year period was sharply and unexpectedly reversed by a 15% increase in 2016–17.

Of those applications coming before the courts the majority are deemed to be sound applications by both the court and CAFCASS. An enduring criticism of the courts is that the local authority should have sought orders earlier with a perception that the local authorities are failing children by not commencing proceedings. Addressing the reasons for the rising numbers of looked after children and the increasing rate of proceedings extends far beyond the door of Children's Services. The interventions of Children's Services are for the most vulnerable and the most at risk. The challenge is to address why there is such a seeming increase in the numbers of vulnerable and at risk children and young people.

#### **4. The overall cost to and value for money of the range public services aimed at improving outcomes for care experienced children and young people**

In March of this year the Welsh Government announced a £1 million St David's Day fund for children who have experienced care in response to the Children's Commissioners 'Hidden Ambitions' report which asked the Welsh Government, local authorities, charities and private enterprise to pledge their support to make sure that young people leaving care have the right support to realise their ambitions. Funding is being made available to eligible young people aged between

16 and 25 and either still in local authority care or care leavers to help them progress towards independence. Whilst this new initiative, and the funding that has been provided alongside, is to be welcomed in recognition that there is still more to be done to be able to support children and young people in Wales and to promote their wellbeing, we do need to appreciate that this is funding for additional responsibilities and does not support in the meeting of on-going pressures being faced.

The WLGA has consistently called for the need to protect and invest in social services as one of our most vital public services, supporting people of all ages across a wide spectrum of need to live as independently as possible and providing valuable protection from harm in vulnerable situations.

We need to acknowledge that whilst the additional funding announced for social services in the budget is helpful this will not cover the expected increases in cost and demand facing social services. The additional funding made available as a result of consequential funding in 2017–18, which included an additional £8m to prevent children from entering care and improve outcomes for those leaving care, from the UK government's March budget was awarded for specific areas of work with restrictions placed on what it could be used for, rather than providing local authorities with flexibility to meet local demand and needs. If part of this additional funding is for new responsibilities then it cannot be said to be funding any existing pressure.

Some children leave care at an earlier age and we would wish to ensure that these children do not have repeat looked after episodes. There is a cost to providing this support that is not easily found in a system that requires a level of 'throughput' in order to be able to 'ration' and 'stretch' scarce resources in the face of changing (usually increasing) need, demand and legal duties. A small amount of the consequential funding has been made available to for adoption support services but it is unclear how the ambition of a consistent adoption support offer will be fully realised even if existing expenditure could be guaranteed and focused.

**5. Whether the Welsh Government's desired outcomes for care experienced children and young people are being delivered by the current levels of public expenditure**

As outlined in the four key areas of workforce, external demands and complexities, placements and legislation and work with the courts the current and growing pressures within Children's Services are preventing the delivery of positive outcomes for care experienced children and young people. The increasing numbers of looked after children would at any point in economic cycles place pressure on the resources available to meet their needs but when the increase comes at a time of increasingly strained budgets in local authorities the prospect of being able to deliver good outcomes becomes ever more elusive. The structural challenges of placements and the resultant failures to adequately meet children's needs is far from achieving desirable outcomes.

Comparing outcomes across the range of options for looked after children is not easy nor is it currently undertaken in Wales. There are other challenges in this not least of all the ability to track children who are no longer in receipt of a significant level of intervention. In the context of understanding cost and value for money compared to outcomes however it is something that should be considered. There is some relevant research available for England where a wider data set is collected by government and facilitates such analysis. Expanding the data may be something for Wales to consider. This may well assist in the longer term in ensuring that resources are effectively targeted to supporting, enabling and extending the promotion of positive outcomes for looked after children and those who leave the system at various ages and stages.

## **6. Whether the extent of spending specific to care experienced children and young people is sufficiently transparent across the range of public services**

Gaining a full picture of the resources being spent within social care and in other services is challenging.

The spend within local authorities is identifiable within budgets but achieving common understanding and reporting of the spend is less straightforward. While some work has been undertaken to address cost benefit analysis of some interventions recognising all of the financial inputs across the time of a child's involvement with a local authority is at an early stage.

Direct placement costs can be identified. However, breaking down those costs to understand component elements and particularly profit is rarely achieved.

Other areas have shown that whilst pooled budgets in some circumstances may provide potential benefits there are significant complexities around their delivery. In the case of the National Adoption Service for example only one of the NAS regions has committed to a shared funding arrangement for some of its functions; whilst that has achieved some early savings it has not been possible to re-investment this. There are similar challenges in other public services; NAS has been working with the Welsh Government since it extended the Pupil Deprivation Grant to adopted children in an attempt to monitor spend and impact on adopted children. This has not been possible thus far for this grant.

There is considerable data available in Wales focussed on looked after children but tying said data to budgets across universal services is currently immensely complex. Looked after children access all the same services as all other children in Wales and first separating those costs and then identifying those that have arisen because of the looked after or care experienced status of a child is riven with difficulties.

**7. Whether public bodies have placed sufficient emphasis on a long-term preventative spend approach, in line with the Well-being of Future Generations (Wales) Act 2015, to maximise the benefits of public expenditure for this group of children.**

The Welsh Government has developed grant funded early intervention services, in particular through Flying Start and Families First Initiatives. We believe that there is a need to consider these existing funding streams and how best they can be aligned to facilitate approaches that contribute to this agenda and provide additional support for families, resulting in the maximum prevention / well-being impact. Local authorities continue to face challenges with the use of specific grants, they come with separate and individual accountability and reporting obligations; with authorities having minimal discretion over how the grants are used and over what period they can be spent. They are also subject to change which can make long-term planning difficult. The Independent Commission on Local Government Finance Wales published last year recognised that, “the increased bureaucratic burden falling to local authorities diverts focus and local priorities without demonstrably improving outcomes for service users.” As such consideration needs to be given to the incorporation of existing grants within the RSG, unless there is a compelling case for a time-limited use of a specific grant.

The Early Intervention Foundation's latest analysis, 'The cost of late intervention: EIF analysis 2016', puts the cost of late intervention at almost £17 billion a year, £6.2 billion of which falls directly on children's social care. Councils have found it increasingly difficult to invest in the early help services that can prevent children entering the social care system, and help to manage needs within families to avoid them escalating.

We retain a firm belief that investment in preventative services must be the core priority for Welsh Government, in line with the philosophy of both the Social Services and Well-being Act and the Wellbeing of Future Generations Act and in terms of sound budgetary policy. Many preventative services in local government, such as leisure centres, parks, youth work and community facilities are provided at the discretion of local councils. Unfortunately, in recent years it is these services that have faced the brunt of cuts to local authority budgets as statutory services such as education and social services have been protected.

It is imperative that we stem the decline of local preventative services and that we find a way to make some significant investment into new and existing preventative services. The WLGA has previously called for the establishment of a new Preventative Integrated Care Fund for Wales. This fund, focussed throughout the life-course, would enable some double running of new investment in preventative services alongside 'business as usual' in the current system until savings are realised and reinvested back into the system.

Preventative spend requires an understanding of the root cause of the problem and tackling that, not just the symptoms of the problem. If there is a lack of understanding and a lack of willingness to address the root causes then services will be faced with a never ending and increasing number of these cases for future generations. Simplistically, common root causes if not addressed will exacerbate the situation and if addressed and funded there will still be a 'backlog' of those currently affected which also needs funding until the preventative measures have their full effect.

A further issue is the time that it takes to realise significant savings or improvements in social outcomes. One of the few studies that attempts to quantify the preventative impact of the Social Services and Well-being Act is the LE Wales' Paying for Social Care report. Over a 24-year period the costs of Adult Social care are estimated to increase by 114% in the base line scenario, under the preventative scenario they increase by 108%. Whilst this should provide some savings in the

long term holding off the need for more costly interventions, which are worth realising, these preventative services still need to be supported and developed, requiring additional investment. Whilst the LE Wales report is only based on Adult Social care it does highlight the challenges in realising savings in taking a preventative approach across the whole of social care. It is unlikely that this approach will release the significant savings expected, particularly within the context of increasingly complex needs which need more intense support for longer periods of time.

We have highlighted the fact that local authorities have already placed considerable investment into preventative approaches, however, investment in preventative services requires an invest-to-save approach and there are very real challenges that local authorities face in making this a reality, which is why in some cases local authorities are having to use reserves to be able to make this investment. Local authorities, and in particular those with higher rates of LAC are spending a higher proportion of their total council budget on services for looked after children. As a result, local authorities are being asked to invest in prevention and early intervention on top of an already high spend on LAC services (in real terms and proportionally).

## **8. Conclusion**

Councils are doing their best in very difficult circumstances but services are rapidly becoming unsustainable and nearing breaking point. Councils have done everything they can to respond to the growing financial crisis in children's social care, including reducing costs where they can and finding new ways of working. However, they are at the point where there are very few savings left to find without having a real and lasting impact upon crucial services that many children and families across the country desperately rely on.

Unless urgent action is taken to reduce the number of families relying on the children's social care system for support, this gap will continue to grow. The huge financial pressures councils are under, coupled with the spike in demand for child protection support, mean that the limited money councils have available is increasingly being taken up with the provision of urgent help for children and families already at crisis point, leaving very little to invest in early intervention. Alongside this improvement initiatives such as the National Adoption Service, the National Fostering Framework will not deliver to their full potential unless they are resourced.

The reality is that services for the care and protection of vulnerable children are now, in many areas, being pushed to breaking point. Government must commit to the life chances of children and young people by acting urgently to address the growing funding gap.