

# Understanding the Market for Secure Children's Homes

## Summary report

A rapid response study for the  
Department for Education



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## Acknowledgements and disclaimer

The research reported here was undertaken by the Childhood Wellbeing Research Centre in September and October 2011, as part of the centre's programme of rapid-response work for the Department for Education on issues of immediate policy relevance. This summary is an abridged version of the main report submitted to the Department, to protect confidentiality and what may be considered commercially sensitive material. All participants have agreed to publication of this summary.

The views expressed in this report are those of the authors and not necessarily those of the Department for Education.

We would very much like to thank those who participated in this study and gave up their time at short notice to be interviewed. The study would not have been possible without their help and cooperation.

## 1. Introduction

### 1.1 Background

Secure Children's Homes (SCHs) are provided by individual local authorities (and in one case a voluntary agency) to offer care in a secure setting to young people sentenced by the courts and to young people detained for their own welfare. They cater for 12–14 year-olds sentenced to custody, girls under 17 and boys aged 15 or 16 with particular needs. There are currently 16 SCHs in England plus one in Wales. Of the 16 English homes, seven provide welfare places only, two provide youth justice places only, and the remainder provide both types. Placements for sentenced children are commissioned by the Youth Justice Board (YJB), whereas placements for children requiring detention on welfare grounds under Section 25 of the Children Act 1989 are commissioned by individual local authorities (LAs), usually on a spot-purchase basis. Although only 15 LAs run SCHs, almost all authorities have an occasional but compelling need to commission secure welfare placements.

Following a dip in the number of welfare placements being made by local authorities in 2006 and 2007 (see below), the Department for Children, Schools and Families commissioned a review of the market for welfare beds which was undertaken by Deloitte in October 2007. This suggested a number of possible explanations for the decrease, including an increase in the use of 'semi-secure' accommodation and a perception of poor outcomes for children placed in SCHs (Deloitte, 2008).

At the end of March 2009 the SCHs in England were providing between them 90 welfare beds, and 95 at the end of March 2010. The Department for Education (DFE) estimated that about 100 welfare beds was sufficient to meet the national demand. However, there was subsequently a significant reduction in demand, followed by a small rise, so that by March 2011 English SCHs were providing just 60 welfare placements. Whilst the average occupancy rate for all SCHs was 70 per cent at the end of March 2011, three had only about four in ten of their beds (welfare and youth justice) filled (DFE, 2011). Funding for SCHs comes from fee income provided by placing LAs, and since these homes are extremely expensive to run, financial losses will mount up quickly if fee income is not maintained at a break even (or better) level over the financial cycle.

The viability of some SCHs was also likely to be affected by a proposed reduction by the YJB in the number of places block-booked for youth justice clients. In a strategy for the secure estate, it was proposed to reduce commissioned places at a proportionally higher rate in the secure children's home and secure training centre sectors compared to youth offending institutions, reflecting what was described as 'marked decreases in demand in the younger age cohorts – 10-14 year olds' (Ministry of Justice and Youth Justice Board, 2011). This decommissioning of block-booked places could create spare capacity for providing additional welfare places if there were a demand, but if there were no such demand it could further threaten the viability of SCHs. Decisions about YJB beds were being made at the time this study was undertaken.

The current situation has created a concern among both central and local government that a number of homes may be forced to close. It is recognised that any reduction in capacity needs to be strategically planned to ensure that the sector is able to continue to deliver a core number of 'welfare' beds and to respond to any new requirements. The Childhood Wellbeing Research Centre (CWRC) was therefore asked by DFE and the Association of Directors of Children's Services (ADCS) to undertake some small-scale primary research during September and October 2011 to increase understanding of the issues, and to inform the Department's subsequent discussions with key stakeholders.

## **1.2 Aims of the study**

The overall aims of the study were to:

- develop an understanding of the extent of the present and likely future 'core' demand for welfare places, and the current financial issues facing providers of secure children's homes; and to
- explore the future potential for developing a market in secure welfare care

## **1.3 Methodology**

The main source of data was telephone interviews with managers of eight SCHs, senior managers in seven of the LAs providing these homes (referred to in this summary as SCH-LAs), and commissioners of services for looked after children in a small sample of eight other local authorities in England which did not have an SCH (referred to as non-SCH LAs); a total of 23 interviews<sup>1</sup>. The non-SCH LAs were included in order to obtain views on how well existing secure provision met their needs, but it is important to bear in mind that this was a small sample (eight out of more than 140 non-SCH LAs) and thus their views are not necessarily representative.

The eight SCHs included both small and larger units and some who were offering both welfare and YJB beds. Using unpublished data from a recent DFE survey of local authorities' use of secure welfare places, the eight non-SCH LAs were selected to include both high and low users of SCHs, different types of local authority and different regions of the country.

All interviewees were provided with written information about the study, and were sent a topic guide in advance of the interview. Local authorities with a SCH were also sent a template questionnaire for use in gathering financial information that would be asked for in the interview. They were not asked to complete and return this questionnaire in order to avoid potential data protection issues, as the information was likely to be considered sensitive.

## **1.4 Structure of the summary report**

The remainder of this report sets out findings from the study in relation to the demand for secure welfare placements and what is thought to be driving changes in this (2); the costs and financial risks of providing a SCH (3); and views on the sustainability of the secure welfare sector in the future including the steps that SCH providers are taking to address the issues (4). A final concluding section (5) summarises the main messages from this study.

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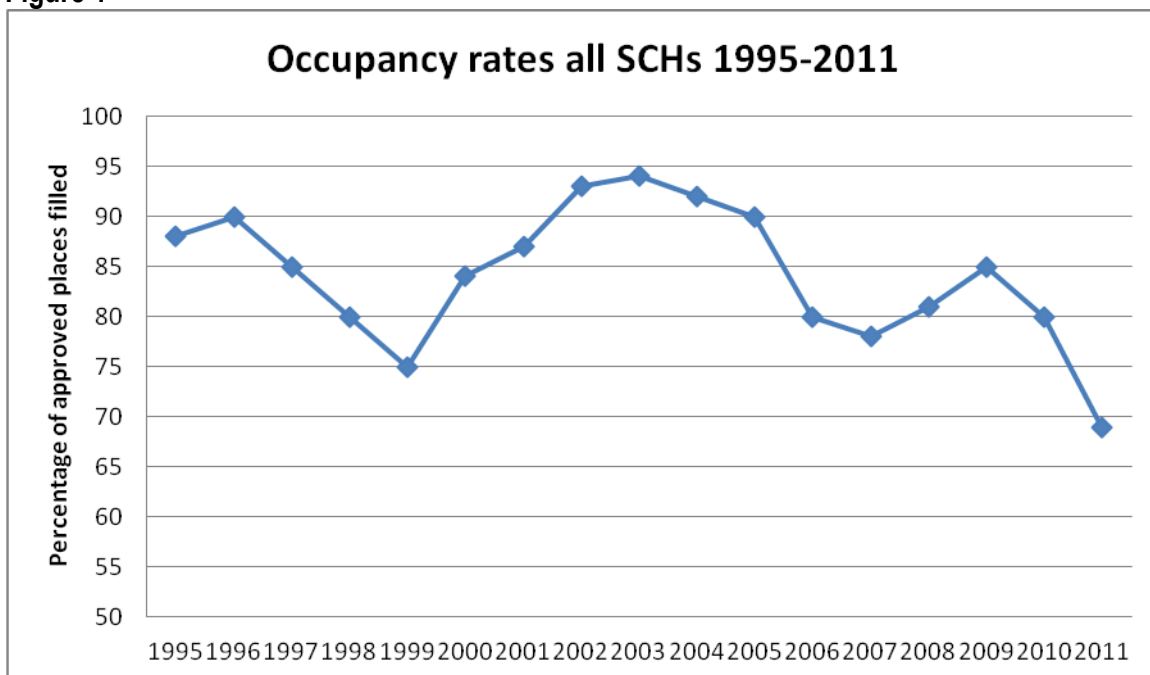
<sup>1</sup> The manager of one SCH was also the spokesperson for the local authority.

## 2. Demand for secure welfare placements

### 2.1 Trends in occupancy rates

Drawing on national statistics published over the last sixteen years, Figure 1 illustrates changes in the average occupancy rate for all secure children's homes over this period. Occupancy rates are calculated as the percentage of approved places filled. The number of homes has reduced over this period, so the graph does not reflect trends in the numbers of children placed in such settings. It can be seen that there was a steady decline in occupancy rates between 1995 and 1999, followed by an increase in each of the following four years to 2003, little change for a couple of years, and then a dip in 2006 and 2007 followed by another rise to 2009. From 2009, there has been a steep drop in occupancy rates, as reported in the introduction.

Figure 1

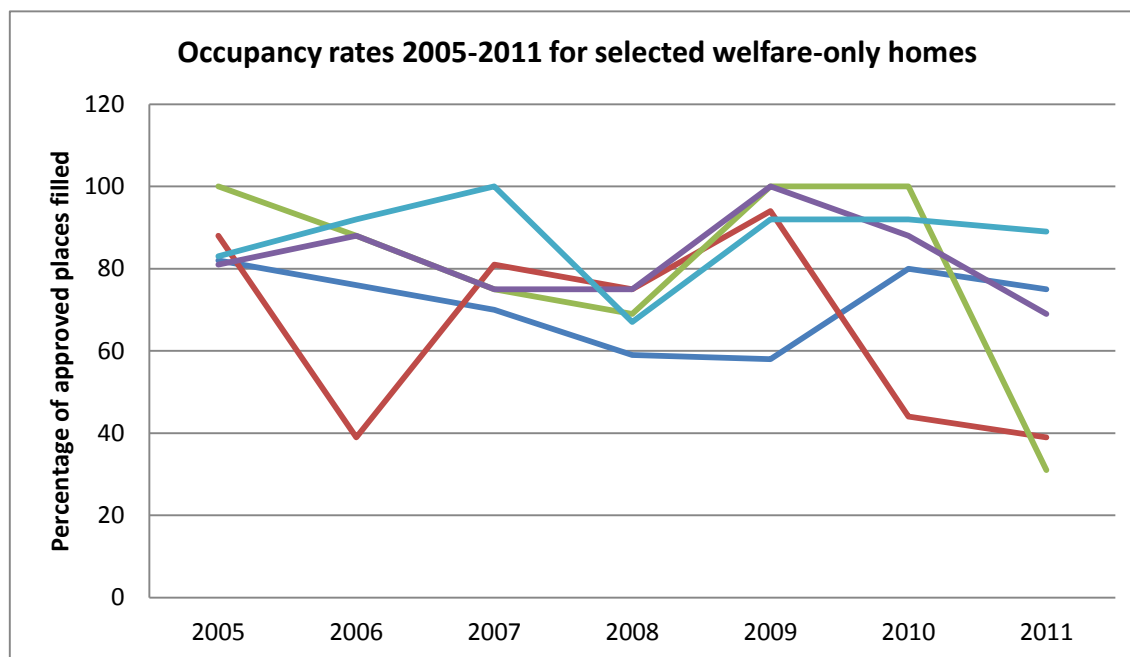


Source: DFE Statistical First Releases 2005 to 2011 *Children accommodated in secure children's homes at 31 March [year], England and Wales*

Figure 1 presents an average occupancy rate for all SCHs, including those with YJB beds, and is likely to mask variation between individual homes. Focusing on homes providing welfare beds only, we next analysed occupancy rates individually for five<sup>2</sup> of the seven welfare-only homes between 2005 and 2011. This illustrates both the variation between homes, and the volatility of the market.

<sup>2</sup> Figures are not provided in the published statistics for two of the seven homes because the home is too small.

Figure 2



Source: DFE Statistical First Releases 2005 to 2011 *Children accommodated in secure children's homes at 31 March [year], England and Wales*

## 2.2 Trends in demand as reported by interviewees

It was the view among some local authority managers interviewed for this study that over the last five to ten years demand has been gradually falling due to earlier intervention, improving intervention services, and the use of options other than secure welfare accommodation. Better working relationships with other agencies was also identified as a reason for decreasing demand over time.

For the majority of the 15 authorities in the study (both with and without a SCH) there had been little change in the number of young people placed in secure accommodation in the previous year. In this time period, local authorities had either used a SCH rarely or not at all, or had placed one or two children most years, sometimes more where use was traditionally higher. Having a SCH within the authority did not appear to influence the authority's use of secure welfare placements, in that their use did not seem uniformly higher than non-SCH LAs. There was a preference in SCH-LAs to place in their own SCH when the need arose, but this was not always possible if there was no vacancy.

The perspective of the SCH managers by contrast was that there had been a significant recent drop in demand for welfare places. They told us that there had always been peaks and troughs<sup>3</sup>, with demand tending to fall off during the last quarter of the financial year, but that in 2010/11 this trough had been much deeper than usual. Seven of the eight SCHs in our sample experienced an unprecedented drop in numbers towards the end of the 2010/11 financial year: *It went beyond being a seasonal dip to reaching crisis point for some units.*

<sup>3</sup> Analysis of vacancy levels in SCHs between 2003-7 by Deloitte (2008) similarly found a seasonal trend in vacancies each year, with a fall at the end of the financial year which some informants attributed to cost pressures and therefore reduction in demand for secure welfare places

## Changes in length of placements

Although most SCH providers<sup>4</sup> said there had been little if any change in the typical length of placements, some noted that following the fall in the last quarter of the financial year 2010/11, placing authorities had appeared not to want to commit to longer-term funding and were placing young people on 28 day orders.

The average length of a placement was felt by some SCH managers to be too short. They believed that for a placement to begin to make a difference, young people needed to be with them for a longer period.

## 2.3 Drivers affecting demand

Interviewees gave a number of reasons for the fall in demand for secure welfare places both recently and over time, many of which mirror those noted in previous research (Deloitte, 2008). These were related to:

- Costs and impact of the comprehensive spending review;
- SCH placements seen as a 'last resort' rather than a positive choice;
- Use of alternative provision, particularly small residential units;
- Concerns about quality of the secure sector and achieved outcomes;
- Managing risk and thresholds for intervention; and
- Location.

These are considered in turn below.

### Costs, and impact of the Comprehensive Spending Review

Almost all SCH managers and some SCH-LA managers attributed the significant fall in demand in the first quarter of 2011 to local authorities reacting to the cuts in public spending, announced in October 2010, and uncertainty regarding the impact these cuts would have on their budgets for children's social care.

Although cost was the major reason cited by the majority of SCH providers to explain the significant downturn in demand in 2010/11, managers in local authorities, most of whom had not seen a change in use in this period, said that cost was not the determining factor when deciding whether or not to use secure accommodation. An earlier study involving 13 local authorities reported a unanimous view that neither finance nor the procedures required to obtain an order were a constraint if a secure placement or equivalent alternative was identified as needed (Jane Held Consulting, 2006).

The cost of the placement may not be the determining factor in the decision making process, but value for money was certainly a consideration. As a senior manager in a non-SCH LA in the current said: *If it's needed we pay it, but we do question the costs significantly and for the costs that we pay we do expect a lot more than the place just sitting on the young person for three months.*

### SCH placement as a 'last resort'

As other research has reported (Deloitte, 2008; Jane Held Consulting, 2006) many local authorities saw placement in secure accommodation as very much the 'last resort' and said that all alternatives would be explored before it was used. The following comment was fairly typical: *We use secure welfare beds only as a last resort, when we have exhausted all other opportunities for the young person* (senior

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<sup>4</sup> The term 'SCH providers' is used to refer to the combined group of SCH managers and SCH-LA managers

manager in non-SCH LA). Some SCH providers thought that this use of a SCH as a last resort was not cost effective in the long term: *there still isn't that appetite for actually saying let's use this at the soonest opportunity for this young person as a short-term expense for a long-term gain.* (SCH manager).

If some local authorities are placing children in less suitable alternative provision before making a 'last resort' decision, this may well compound rather than resolve the difficulties such young people face (Jane Held Consulting, 2006) and this was implied by some of our respondents.

### **Use of alternative provision**

In LAs both with and without a SCH there appeared to be robust systems in place to ensure secure welfare accommodation was the most appropriate placement for a young person. A number of LA managers spoke about having introduced systems and procedures to explore alternatives to SCHs and as a result demand in some LAs had fallen.

Placement strategies to avoid use of secure provision included using instead small residential homes, often with a therapeutic component provided by the independent sector; activity centres, and specialist foster carers. One non-SCH LA for example used outdoor activity centres or remote children's homes as an alternative to a secure placement, whilst another was making more use of single occupancy and very small (2-3 bedded) residential units both before using and instead of using secure accommodation. Some were of the view that this alternative provision was secure in all but name only, either because of the remoteness of the location or the very high staffing ratio in the home.

It appeared that some authorities were predisposed to use this semi-secure provision, often referring to better outcomes (see below) and cost-effectiveness as their rationale, whereas other authorities tended not to use them and questioned the quality of the service offered, the lack of scrutiny, and the outcomes for children.

Views were mixed as to whether alternative provision, especially provision deemed semi-secure, was more or less expensive than a SCH. A single occupancy unit with a 2:1 staffing ratio was said to be on a par pricewise with a secure welfare placement, but research has shown that such provision can be more expensive (an example of a very costly 2:1 placement for a young person with complex needs is described in Ward et al., 2008). However, semi-secure placements used by local authorities in this study were usually significantly less expensive than a SCH.

### **Concerns about quality and outcomes**

Six of the eight non-SCH LAs referred to shortcomings in the perceived quality of the provision offered by some SCHs, which made them more reluctant to use them (although it should be noted that some SCHs had been through recent changes in management and LA views may be reflecting on experiences in the past rather than more recently). Concerns were expressed about a lack of therapeutic input and what was seen as a focus on containment rather than on meeting young people's needs. Another concern among some was the mixing of welfare and YJB placements.

Outcomes-based commissioning has focused commissioners' attention on the difference that services make, and there were concerns that the situation for children placed in secure welfare accommodation often failed to improve. Several SCH providers commented on the difficulty of demonstrating positive outcomes for young people placed in secure settings: *it is often difficult to show change within a short period of time* (manager, SCH-LA). Some LA managers believed that outcomes were better for children placed in alternative provision.



Whilst in some cases there was objective evidence of poor quality in SCHs (such as a negative Ofsted report) which clearly influenced LA placement decisions, in other cases it appeared that negative perceptions about what SCHs offered were based on a degree of prejudice and lack of awareness. Particularly where LAs used secure welfare placements very rarely, they were often unaware of the services described in our interviews with SCH providers, indicating a need for greater communication and dialogue between LAs and SCHs.

Earlier research (Deloitte 2008) also noted that the decision to place a child in alternatives to secure care is often a function of *commissioner perceptions* of welfare bed provision in secure children's homes (our italics). The Deloitte report suggests that poor outcomes after a secure placement could be due to a failure to continue relevant services after the child leaves, which would 'negate any benefits received during the secure placement...this could consequently lead to a misconception that secure provision is an ineffective option'.

### **Managing risk and thresholds for intervention**

Another possible explanation for reduced demand for secure welfare placements is that LAs are either intervening earlier and providing better support, which avoids some young people reaching the point where they need to enter a SCH; or that the thresholds for entering secure care have been raised. A number of LA managers referred to better management of risk, and a SCH manager also noted that in the past children had been placed when they met lower thresholds.

Although earlier intervention and support to avoid the need for a secure placement is a positive development, a view held by three SCH providers was that some LAs were not intervening soon enough, but instead were deliberately letting the young person 'run a bit' and possibly enter secure care via the youth offending route, where the YJB would bear most of the cost. However, this was not evident in any of the interviews with non-SCH LA commissioners, and earlier research has found little evidence of either 'cost shunting' to the YJB or avoidance of decision making 'leading to an inappropriate reliance on the criminal justice system' (Jane Held Consulting, 2006:5).

### **Location**

Fourteen SCHs in England were offering welfare beds at the time of this study, and their location was another factor that influenced demand. The general preference among LAs was to place children as close to home as possible, because it was believed this generally led to better outcomes, although the decision was also influenced by the specific needs of the young person and by where there was a vacancy. Placements nearby were also preferred because they avoided the extra social worker and reviewing officer time associated with travelling to SCHs located a long way from the home authority. This local preference benefitted some SCHs (where there were no other secure welfare beds offered in the area) but made others more vulnerable (when several providers in the same area were competing for a reduced number of secure placements).

However, the use of semi-secure placements in the independent sector, which are often in remote rural locations, suggests that location is but one of the factors influencing LAs placement choices and not a significant reason for LAs to avoid a secure placement. In fact, commissioners in two LAs described as an advantage the fact that a home (in both cases semi-secure rather than secure) was in a remote location, because it removed young women from dangerous situations in their home authorities.

The SCHs across England are geographically unevenly distributed, with a cluster of several homes in some areas and none at all in others. A desire was expressed by some of the non-SCH LAs for a better distribution of secure provision so that they would have more opportunity to place children closer to

home. But creating new secure provision would be extremely costly given the small population needing this form of provision.

## **2.4 Occupancy rates at the end of 2011**

Following the dramatic fall in occupancy rates experienced by almost all SCHs in the first part of 2011, all had seen an upturn in demand by the time managers were interviewed for this study in autumn 2011. Various reasons were given for this upturn in demand. It was suggested that in the new financial year local authorities had more confidence in spending on placements after budgets were set. One home reported that although enquiries that were made between January and March 2011 did not result in placement at that time, some local authorities later came back and placed these children a few months later: *There was hesitancy before committing ...but these children do not go away and they do not change ...there were one or two enquiries that then came back in May or June* (Senior manager in SCH-LA).

Another reason put forward for the upturn in demand was improved marketing techniques, for example redesigning websites or designing and circulating a new leaflet to local authority commissioners, which was mentioned by several SCH providers. The reputation of an SCH and its ability to offer unique services (such as accepting young people exhibiting high levels of violence or having a forensic CAMHS service) also affected demand, with satisfaction often reported to lead to repeat business.

Although this paints a more positive picture of demand for welfare places than was the case earlier in 2011, some SCHs were still concerned that despite the upturn, the level of enquiries they were receiving had decreased from what they would normally expect to receive.

## **3. Costs and financial risks of providing a secure children's home**

The short timescale for this project did not allow the collection of detailed financial information that would be needed to give a clear understanding of the funding complexities. Instead, we endeavoured to collect basic financial data from SCH-LAs. This included the total running costs for the units for the 2010/11 financial year, whether this included all staffing, specialist support and non-staffing costs, and whether any other agencies contributed to the running cost. In addition SCH-LAs were asked to provide the weekly price charged for a welfare bed and for a YJB bed (where relevant) and the minimum occupancy rate needed to break even. All the seven participating authorities provided figures, although in some cases they were estimates. This summary does not include the financial details contained in the main report, for reasons of commercial confidentiality.

### **3.1 Budget and bed price**

As expected, the total running costs were determined by the size of the units, with larger units costing more overall to run. In order to check whether the larger homes were able to charge less per bed (perhaps due to efficiencies of scale) we ranked the homes on price for a welfare bed and compared this with capacity (i.e. number of beds approved). We found that there was no clear pattern. The largest home was one of the most expensive per welfare bed, but the next largest was the cheapest. However, this does not take account of the level or type of services offered or any impact of YJB beds.

In SCHs where both YJB and welfare placements were offered, the YJB beds were charged at a lower weekly rate<sup>5</sup>. We considered whether providing YJB beds as well as welfare beds had an impact on fees charged for welfare beds. We found that the average price of a welfare bed in homes offering both types of provision was slightly less than in welfare-only homes.

Local authority managers with SCHs offering both types of bed said that the lower YJB bed price was as a result of the beds being 'block purchased' which provided a guaranteed income that cushioned the local authority from financial risk. The spot purchasing arrangements used for welfare places, on the other hand, provide no guarantee that beds will be occupied. It was reported that when the YJB needed to spot purchase beds, they would be charged at the higher rate.

The clear implication is that any loss in the block purchased YJB beds is likely to have an inflationary impact on the cost of welfare beds. Additional difficulties would be created if, as reported by some interviewees, the YJB expects SCHs to reduce the price of their block purchased beds.

### **3.2 Breaking even financially**

We also attempted to obtain information about occupancy rates needed to break even. This information needs in particular to be treated with caution. As one manager pointed out, specifying a breakeven point is complicated and depends on many interacting factors. For example, the behavioural demands of 'welfare' children can result in substantial damage to a unit which has cost implications and can therefore impact on the income required. It was not always clear that interviewees were providing figures on the same basis. However in general, the welfare-only homes had a higher breakeven point than those that also provided YJB beds.

Using the breakeven point, bed price and running cost for the seven homes where all this information had been provided, we calculated what the bed price would need to be to meet just the running cost if there was 100 per cent occupancy all year. Our analysis suggests that where homes have an intermittent and insecure income stream they need to charge more to cope with the additional financial risk. However, it is important to remember that the figures upon which this analysis is based should be treated with caution.

## **4. Sustainability of the secure welfare sector in the future**

This section outlines the reported impact of the fall in demand on SCHs and SCH-LAs; their plans for the future; and what should or could be done to ensure that supply is sufficient to meet any future rise in demand.

### **4.1 Impact of fall in demand on SCHs**

The significant drop in demand in the last quarter of the financial year 2010/11 had resulted in capacity reductions in some SCHs, and reviews in some of the others. Despite the recent upturn in demand seen by most SCHs, the overall drop in enquiries and the experience of the dramatic fall in the last quarter of 2010/11 financial year has led to uncertainty about what the final quarter of the 2011/12 financial year will bring. If there is another significant drop it will put the market under considerable strain which will be exacerbated if, as predicted, more welfare beds come onto the market as a result of the planned reduction in the number of contracted YJB beds.

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<sup>5</sup> Because this study was focusing on welfare beds we do not have information on the bed prices in YJB only homes.

All of the SCH-LA managers highlighted the financial risks of running a SCH. Even where the SCH was making a surplus and was of financial benefit to the local authority, it was said that any changes in this scenario in the future would alter the situation.

The difficulty with remaining viable led some interviewees to raise the issue that secure accommodation is a national service, which is nevertheless run on a model of local service delivery. It was therefore argued by some that there needed to be a level of core funding for the provision of secure accommodation, to help the small number of local authorities which provide a SCH to manage the financial risks that they are bearing in order to make such accommodation available: *what it needs is a core level of funding before the LA takes the market risk in selling the rest of the beds* (Senior manager, SCH-LA).

One possibility would be for all local authorities to contribute towards the cost of providing secure welfare places. However, it is unlikely that many would be willing to do so, especially in the current financial climate. Asked about the idea of LAs contributing towards the service, one non-SCH LA manager replied *I have ten other things now that I could be spending that money on*. The general feeling was that with current pressures on their children's services budgets, few local authorities would be willing to contribute to the cost of running a service that they very rarely used.

## **4.2 YJB review and impact on welfare beds**

As reported earlier, the sector was at the time of the interviews awaiting the results of the YJB review and did not yet know how many block purchased beds the YJB might cut. The impact this would have on welfare beds was explored in our interviews with SCH providers. Some SCH managers were of the view that larger units with YJB beds would survive even with the loss of some YJB beds, unlike smaller units with few YJB beds where the loss of all or a significant number could lead to closure. In fact, even larger SCHs were at risk if they lost too many of their YJB beds as this SCH manager highlighted: *I doubt we would carry on - too much of a risk financially* [if YJB beds dropped to a certain level]. The SCHs with YJB contracts all said that they would try to sell any beds they 'lost' in the re-contracting exercise as welfare beds in the future. As pointed out by some SCH providers, this runs the risk of flooding the market for welfare beds at a time when demand may be experiencing the usual seasonal dip following the recent upturn.

## **4.3 Impact of closure on the market**

If smaller SCHs were to close, this was seen by some interviewees as inadvertently being to the advantage of the larger units which are more likely to remain, and which might then see an increase in demand. However, a smaller number of larger homes would increase the problem of this provision being geographically distant from the child's community and the placing local authority, which was one of the factors said to reduce demand. It would also reduce choice and potentially the ability of SCHs to focus on offering a particular type of service or facility. Some non-SCH LA managers also thought that very small units were sometimes better able to meet a particular child's needs, and that this was one reason for their using small independent settings as an alternative to SCHs.

There was general agreement among interviewees that although demand may have fallen over the long term, nevertheless there would always be a need for secure welfare beds for a small number of children. The difficulty is in predicting what this number will be. Some local authority respondents and SCH managers suggested that in the future demand may increase due to cuts in youth services and the increasing pressures nationally and locally on families and communities which can impact on young people's behaviour.

A clear message was that once a secure unit has closed, it is likely to be difficult to restore the provision should demand increase.

#### **4.4 Diversification and unmet demand**

Diversification is one way in which local authorities with SCHs can try to improve their financial viability. We explored whether there is a demand that current provision is not meeting, such as step-down units to promote effective transition for young people, or welfare placements for young women at risk of sexual exploitation, and whether the secure sector could adapt its model of care to respond to this.

##### **Meeting the needs of placing local authorities**

Generally, SCH managers considered they were meeting the needs of placing LAs and were responding to changes in demand, for example providing more therapeutic services and providing staff with training on the sexual exploitation of children. However, as discussed earlier, six of the eight non-SCH LAs raised concerns about the quality of the service, specifically to do with (lack of) therapeutic input and the perceived failure of the placement to achieve positive outcomes for the young people they had placed there. In addition to achieving improvements in these areas, non-SCH LAs pointed to other areas which they would like to see more focus on (though it should be noted that each area was only mentioned by one or two respondents):

- Better linkages to the young person's community to help when the transition back to the community is made.
- SCHs being more thorough in their assessments and in communicating information to the placing LA.
- Extending specialist areas, such as working with young people on the autistic spectrum, so that a commissioning local authority has more choice of SCH.
- A greater emphasis on joint working and responding to commissioner's needs.

##### **Step-down provision**

There was general agreement that transition arrangements are very important and successful transition is one measure of positive outcomes. SCH providers were at different stages in developing such services and others either had or were exploring outreach work to support transition.

From the perspective of the non-SCH LAs, there were mixed views about whether a step-down facility would be attractive to them, although they saw the need for better transition planning. For one manager, any kind of structured transition programme would be of interest: *that's a big hole for us and certainly something that would potentially be useful*. However, others were less enthusiastic, wanting to bring the young person back to the home authority as soon as possible in order to increase the chance of positive outcomes. There was a general desire for more outreach work after a young person left the SCH, but not necessarily in the form of step-down units on SCH sites.

##### **Other forms of diversification**

In relation to secure welfare placements for young women at risk of sexual exploitation, there was agreement among interviewees that there was a need for this, and many SCHs were already adapting their services to meet this need. Another type of diversification mentioned was expansion of the home's education services.

##### **A different service model**

Other ideas put forward focused less on diversification within the secure estate, but rather on reconfiguring other residential settings to include a facility for secure placements if and when needed –

in other words, a different service model. The conundrum, as one non-SCH LA manager explained, is how to create a resource that can cope with fluctuating demand but *which doesn't stand idle when demand is low*.

#### **4.5 Promotion of the service**

A common view among SCH providers was the need to raise and improve the profile of SCHs. They suggested a number of ways in which this could be done:

- Greater promotion of the service nationally, for which DFE it was thought should take some responsibility;
- Marketing and promoting the service locally so that commissioners are aware of the benefits of SCHs and what they can offer. This would perhaps encourage placements to be seen as a positive choice rather than one of 'last resort'; and
- Demonstrating the positive outcomes that an SCH placement can achieve.

#### **4.6 Taking a strategic approach**

Senior managers in many SCH-LAs together with some SCH managers felt strongly that there should be a clear national strategy for secure welfare provision: For example, one SCH manager referred to: *the need for a national strategic oversight of welfare bed provision, because otherwise it's going to be a diminishing and disappearing provision*. Such a strategy, it was said should involve all the key players - DFE, DH and the YJB - and show that the government was 'joined-up' in its thinking. There was a view too that no single department at present has overarching responsibility for the secure sector, yet it needs one body to: *take on the mantle for secure children's homes and take responsibility for what happens within them*.

There was also a perceived need for centralisation and consistency in the service offered which it was thought would help to avoid competition, although it was acknowledged that this is difficult when the service is run on a completely market model.

[A national strategy would mean that] *It wouldn't be competitive and it would be more around sharing of good practice, more around standards, quality and quality assurance procedures and having more of a national sort of network that fits into national and regional needs*. (SCH manager)

Some SCH managers believed that the sector needed stronger championing at national policy level so that it was seen as a valuable resource within the range of services to support vulnerable young people. Currently, the sector feels somewhat marginalised and 'a *small fish in a big pond*'.

## 5. Conclusions

There are a number of main messages from these findings.

There have always been fluctuations in demand for secure welfare placements, with previous dips in 1999 and 2005/6. There is also a pattern of seasonal variation in demand with a traditional dip in the last quarter of each financial year which has been attributed to end of financial year pressure on costs in LAs. However, the dip in demand in 2010/11 was much greater than in previous years and this was put down to LAs reacting to cuts and anxieties about budgets. There has been some recovery with half of the eight homes in the study full on the welfare side in October 2011.

A number of other drivers were said to affect demand. These included placements only being made as a last resort, the use of alternative provision, concerns about quality and outcomes for children placed in SCHs, risk management and changing thresholds. There was some reluctance among local authority interviewees to admit that cost was a major factor in their decision making and commissioning, although clearly cost was an element and value for money an important consideration.

SCH providers (LAs and SCH managers) believed that they were doing a good job and responding to changing demand, but were aware of the need to promote themselves better and to provide evidence of outcomes. Non-SCH providers, on the other hand, often questioned the quality of the service offered by the SCHs and perceived them to lead to poorer outcomes for young people than were achieved by alternative options. This may be an over-simplification, since outcomes will also be affected by whether the LA is willing to support the placement for long enough for the SCH to make a difference. Outcomes need to be judged as part of a pathway or package of care and support, taking into account what is offered before and after as well as what happens during the secure placement itself. Local authorities were sometimes said to remove children with little notice, or to fail to support the transition process sufficiently. This disparity in perception between SCH providers and those who might commission placements suggests a need for better communication, and for a national strategy that makes clear the value of secure provision within a range of placement options. Since most local authorities use secure provision very rarely, they have little opportunity to understand what SCHs can offer.

The move towards using alternative provision, such as semi-secure, highlighted by the earlier research, has continued. There are mixed views as to the effectiveness of such alternative provision, with some believing they achieve better outcomes than secure care and others less convinced. This highlights the need yet again for further research in this area (as recommended by Deloitte, 2008). Research commissioned by the YJB is exploring the effectiveness of different types of provision within the Secure Estate<sup>6</sup>, but this focuses on youth justice rather than welfare places and does not consider alternative settings such as semi-secure.

Without a crystal ball, it is difficult to predict supply and demand in the future, but there are a number of possible scenarios:

- The significant fall in the last quarter of the last financial year will not repeat itself in 2011/12, but there is likely to be a seasonal dip. This will occur at the same time that more welfare beds are coming onto the market as a result of the YJB's reduction in block purchased beds. If the 2010/11 fall does repeat, the situation in terms of viability is even worse.

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<sup>6</sup> <http://www.justice.gov.uk/publications/research-and-analysis/yjb/relative-effectiveness-secure-estate.htm>

- Some SCHs may close as LAs are unable or unwilling to bear the financial loss of a service that they themselves rarely use and which it is difficult to justify to members.
- Although it is difficult to predict whether the economic climate and cuts in social welfare will result in a rise in demand for both YJB and welfare beds, as some would suggest, it is likely that in this scenario demand will exceed supply, particularly if the sector has contracted in the intervening period.
- There has been a growing trend to use smaller residential units rather than SCHs. The drive to use this provision may increase if smaller SCHs are forced to close leaving only the larger units who may be better able to survive.

Secure welfare beds are a national service currently delivered at local level by 14 LAs, many of whom are struggling to make or keep the service viable. In the current financial climate they are likely to face increasing difficulties and be increasingly unwilling to bear the financial risk of providing this national service. Secure welfare provision is a very specialist resource that is hard to operate on a completely market model. Therefore some consideration needs to be given to developing a national strategy, which involves all relevant government departments, and which can begin to address issues associated with core funding and better promotion/publicity of the service offered. Perhaps, it also means taking another look at the service and how it might be reconfigured to ensure supply is maintained during periods when demand is particularly low.

Secure welfare accommodation although a specialist service, is still needed albeit for a very small number of young people. However once closed, it is difficult to reinstate: *if SCHs are closed you cannot quickly bring them back on line* (Senior manager, SCH-LA). Positive action now will help to ensure capacity to meet this need in the future.

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