

Towards a mixed economy of foster care provision

Clive Sellick¹

Abstract: Foster care in the UK, especially England, has developed a broad base of service delivery. No longer an almost exclusively public sector activity, foster placements and related therapeutic and educational services are increasingly located in the non-governmental sector and delivered by independent fostering providers (IFPs). As this sector has grown, so too have contracting arrangements between IFPs and local authority purchasers, most of whom have faced considerable difficulties in recruiting and retaining sufficient numbers of foster carers for their looked after children. With the strengthening policy shift towards commissioning, different contracting models are emerging. These are described with reference both to recent studies and a broader critique of relevant legal, policy, ideological and managerial developments in order to speculate about the future of a mixed economy of foster care.

Keywords: foster care; commissioning; mixed economy

1. Director of International Programmes and Senior Lecturer in Social Work

Address for correspondence: School of Social Work & Psychosocial Sciences, Elizabeth Fry Building, University of East Anglia, Norwich, NR4 7TJ.
c.sellick@uea.ac.uk

Introduction

Foster care in the UK, and especially in England, is no longer a public sector activity supplemented only by voluntary child care organizations. Somewhere in the region of twenty per cent of all looked after children are placed with foster carers attached to a range of non governmental fostering agencies (DfES, 2005a). Known collectively as independent fostering providers (IFPs), these organisations assess, approve, train and supervise foster carers and provide, for payment, foster placements and therapeutic and educational services to local authorities for children and young people in their care or accommodation (Sellick, 2005, p.2). A national survey of IFPs in 2001 (Sellick and Connolly, 2001, 2002) and a review of fostering practice across the UK for the Social Care Institute for Excellence in 2003 (Sellick and Howell, 2003, 2004) illustrated the significant growth of these agencies in both the traditional voluntary child care sector and the rapidly expanding private sector.

The expansion in the use of IFP placements can be attributed to two main factors. Firstly, as fostering has become the principal placement of choice, most local authorities across the UK have experienced a chronic shortage of foster carers (Waterhouse, 1997; Triseliotis *et al*, 2000; Swain, 2005). Secondly, since the beginning of the New Labour government in 1997, policy has shifted incrementally towards commissioning services for children, including fostering, from outside the public sector (Sellick and Connolly, 2002).

The green light to IFP usage had already been given sometime before the change of government. Social Services Inspectors had reported in 1995, for example, that these agencies 'represent a new and expanding source of foster placements' (Department of Health, 1995, p.14). However, a much stronger steer came from the Secretary of State in 2001 who said that 'For too long, in my view, there has been a stand off in the relationship between the statutory, private and voluntary care sectors. There should be no ideological barriers getting in the way of the best care for vulnerable people' (Department of Health, 2001). Whilst launching the new *Choice Protects* initiative in the following year, the Minister of Health spoke of the importance, of 'helping councils commission and deliver effective placements and the contribution of the independent fostering agencies' (Department of Health, 2002b). Little wonder perhaps that the independent fostering sector expanded rapidly during this period from 62 agencies in 1998 to 265 in 2005 (Sellick, 2006b). The Green Paper (Department for Education and Skills, 2006) has cemented these steps: it includes proposals for piloting new regional commissioning units of services building upon existing arrangements.

The difficulties faced by many local authorities in finding an adequate supply of foster carers led most to purchase IFP placements, often at short notice and in emergencies, on what has been called a 'spot-purchased basis' (Sellick, 1999, Kirton *et al*, 2003, Sellick and Howell, 2004). This method of commissioning has three major deficits. Firstly, it does not allow IFPs to predict likely demand or local authorities to predict cost. Secondly, it effectively prohibits both the local authority

commissioners and the independent providers from planning for their respective needs and services. Thirdly, it takes little account of the individual needs of children or the particular strengths of their prospective foster carers. As Petrie and Wilson found in their study of children's day care and fostering services 'the use of spot purchasing as a major distributive mechanism merely reflects the fact that children are slotted in wherever there is a vacancy with little opportunity for matching or choice' (Petrie and Wilson, 1999, p.194).

Another approach for commissioning fostering services is known as 'outsourcing' where public authorities transfer responsibility for all or most of their provision to non governmental agencies. Although largely absent in the United Kingdom (UK), this approach has been tried and tested in parts of the United States of America and Australia (Barber, 2002, Unruh and Hodgkin, 2004). Researchers in both countries found two main problems - it encourages the establishment of a few, large agencies which successfully manipulate and monopolise the market and, related to this, the range and diversity of services are reduced.

A third approach (and in the New Labour lexicon, a 'middle-way') has emerged whereby local authorities and IFPs have entered into contracting or service level arrangements with one another. These arrangements allow them to minimise the risks of both spot purchasing and outsourcing by planning for the purchase and provision of an agreed range, set and number of services. In his study of these emerging agreements, Sellick proposed a commissioning framework which would avoid the combined pitfalls of the other two approaches. He stated:

The establishment of small networks of local authorities and IFPs was commonly seen as the most effective framework for commissioning from the respondents in this study. Although mostly regional, these networks might include some more distant IFPs where local authorities required long-term or very specialist placements. Such networks of agencies allow local authorities and IFPs to contract with two or three partner agencies. This would go some way to avoiding the risks of monopolies identified in the American and Australian studies. Within each network, commissioned services would be identified and planned and include the full range of fostering placements according to local need (Sellick, 2005, p.12).

The major question, which the rest of this paper examines, is whether this framework has a chance to succeed or whether other, ever-strengthening, forces driving policy and practice will shape a quite different commissioning model. Previous studies, particularly over the past decade, have charted the factors which underpinned the emergence and establishment of IFPs. This paper reflects upon these studies, but also considers contemporary pragmatic, ideological, managerial and political forces in order to speculate about the nature and location of future fostering service provision in Britain.

Supplementing or exploiting shortfalls in public provision?

Successive publications have charted the increasing proportion of children and young people who were fostered and the correspondingly decreasing proportion that were placed in residential or other non-family based care (Sellick *et al*, 2004, Wilson *et al*, 2004, Sellick, 2006a). As this practice progressed, flaws in the system began to appear with accounts of placement instability and lack of placement choice for matching children's needs with foster carers' skills. A kind of structural fault seemed to have appeared in which the virtual absence of placement alternatives to foster care had led to a chronic shortage of foster carers across most of the UK. As fostering became the principal placement of choice, and despite foster carer shortages, there was an inevitable steer towards using mainstream foster carers for ever larger numbers of young people with significant emotional difficulties. These young people often demonstrated behaviour that required a range of responsive, therapeutic and educational services in addition to stable foster care placements. The independent fostering agencies were quick to recognize and act upon this and offer the kind of provision identified in an early evaluation of one of the first IFPs (Sellick, 1999, Sellick and Connolly, 1999).

Another aspect of this monopoly practice, and one which allowed the IFPs to flourish, was the under-investment in public sector foster care. With low allowances and fees as well as poor status and recognition from their local authorities, foster carers expressed increasing levels of dissatisfaction. Early studies (for example, Knapp and Fenyo, 1989) challenged government figures that suggested foster care cost almost eight times less than residential care. Commentators in the late 1980s estimated that foster carers were bearing considerable costs, as much as 50 per cent of their allowances, which were not forthcoming from their fostering agencies. At that time nearly all of these agencies were local authorities.

The current situation seems to have changed little. One working group chaired by the Directors of the Fostering Network and British Association of Adoption and Fostering (BAAF) assessed the amount of additional costs, alongside current levels of expenditure, necessary for fostering across the four countries of the UK (Tapsfield and Collier, 2005). It concluded that considerable increased investment is required to meet service developments related to foster carer fees, training, and general support and associated staff costs. In England for example, existing estimates of the weekly unit costs were £234 for local authority fostering services and £765 for foster care services purchased from IFPs. This study proposed a sum of £633 as necessary for 'effective foster care services' (Tapsfield and Collier, 2005, p.2) in England, thus pitching their estimate closer to the amount paid by IFPs.

The national survey of IFPs found that these agencies were paying foster carers around 50 per cent of the fees charged to local authorities and that as a result they had a potential income worth at least three times that of local authority foster carers (Sellick and Connolly, 2002). Little wonder then that reported levels of satisfaction

of IFP foster carers have endured and are significantly higher than those of their local authority peers (Sellick, 1992, Kirton *et al*, 2003). The fees charged by IFPs to local authorities (and reinvested in high foster carer allowances) had begun to force the hands of local authorities or stolen a march on them. If councils would not invest directly in children through foster carer payments, then the IFPs ensured that they did so indirectly through the fees they charged. As a result local authorities were often 'bumped' into exceeding their budgets by paying unplanned IFP rates because of their own placement shortfall. One local authority manager in a recent commissioning study provided a sobering account of this situation when she said:

I am spending £1.4 million on under 40 IFP placements and £3.2 million on the other 220 kids that we are looking after in house. The sums don't add up and that is what we're up against all the time (Sellick, 2005, p.12).

Ideology and enterprise

Two other phenomena have altered the map of fostering in Britain - a changing ideology within the public sector alongside a growing welfare entrepreneurialism outside it. When combined, these have become a significant force shifting traditional ideas and practices. The hostility towards IFP provision and its staff and carers, expressed by local authority managers and budget holders, is found in the range of accusations made against the IFPs for poaching carers, charging golf course fees and of making a profit opportunity out of children (Sellick and Connolly, 2002, Sellick and Howell, 2003). Similar sentiments have not however been expressed in the literature in respect of the non governmental adoption sector. The first stage report of a contemporary adoption study of services supporting birth relatives and contact confirms that voluntary adoption agencies (VAAs) are a mix of religious, charitable and not-for-profit organisations co-operating with local authorities through the provision of complementary services (Sellick *et al*, 2006). This study found that many local authorities were quick to commission VAAs to provide birth relative support services. By comparison, IFPs were initially perceived as private and profit-seeking, predatory and competitive agencies with no tradition of supplementing public sector child welfare activities. This gulf in attitudes began to narrow. Social workers' experiences of placing children with IFP foster carers and purchasing related services, largely positive government inspections of IFPs, research evidence and, as we shall see below, legal changes began to challenge these perceptions. As the National Survey showed, by 2001 IFPs were recruiting foster carers who had not, nor were likely, to foster for local authorities and were developing innovative services and providing specialist placements often unavailable elsewhere at the time

(Sellick and Connolly, 2002). These developments did seem to shift attitudes and practice towards the use of IFPs in many local authorities and, in some, managers began to view IFPs in much the same way as VAAs. They provided a service which was unavailable within the local authority and in so doing allowed those managers to discharge their duties.

The new founders and directors of IFPs, particularly in the face of considerable hostility from their former local authority colleagues, showed a willingness to take risks in setting up the IFPs. As the national survey discovered:

although the public sector directly underwrites the IFPs, most encountered set-up costs often involving personal investment and risk. There were examples of agencies being established by drawing on redundancy, retirement and inheritance lump sums as well as by business loans (Sellick and Connolly, 2002, p.108).

In order to develop new and improved services for children and young people, these welfare entrepreneurs blended a business approach with a desire to free themselves from what they saw as the mediocrity of public practice and provision. Those that succeeded were followed, as was evident in the national survey (Sellick and Connolly, 2002) and the review conducted by the Social Care Institute for Excellence (SCIE) (Sellick and Howell, 2004), by foster carers transferring from jobs as teachers, social workers, psychologists, youth workers and nurses. These professionals wanted to go 'back to basics' by practising through foster caring, something they considered themselves trained to do, and to do so, on comparable or enhanced salaries.

A particular feature of the IFPs has been their willingness to offer themselves up to independent scrutiny. The early IFPs volunteered for (a largely positive) examination by the Social Services Inspectorate in 1995 (Department of Health, 1995) and the evaluation of the Midland Foster Care Associates (MFCA) in 1997/1998 (Sellick, 1999, Sellick and Connolly, 1999) was probably the first such commissioned scrutiny of an individual IFP. Many IFP directors believed they had little to hide and seemed secure in the knowledge:

that their ability to recruit and retain experienced foster carers, offer choices of placement for children and provide them with a range of inter-disciplinary services, especially related to schooling and therapy, [was] more than a match for most local authorities (Sellick, 1999, p.12).

Four years later this factor was confirmed when the review commissioned by the Social Care Institute for Excellence (SCIE) found several examples of agencies which had commissioned independent organisations to evaluate their services. The authors of this review noted that 'in a competitive market place a positive evaluation report is a very useful marketing tool' (Sellick and Howell, 2004, p.496). Whatever

the motive, this opening up of the books was significant in two major ways. Firstly, this process very clearly caught the policy mood of transparency and accountability and therefore on a strategic level was instrumental in obtaining investment for the IFPs. Secondly, these evaluations had the potential both of informing and improving practice and policy development in fostering agencies across the public as well as independent sectors.

A key to the success of the IFPs is that their directors and managers have been adept at placing themselves on both sides of the political divide. By the mid 1990s IFPs had grown rapidly from the dozen or so teenage placement agencies based in the south east of England in the late 1980s. They were operating far more widely within a Conservative era which required more competition and less regulation within welfare service provision. The IFPs continued to expand after 1997 when early policy changes at the start of the New Labour age required *Best Value* (Department of Health, 2002a) approaches and later an equitable system of regulation and inspection between fostering agencies in the public and independent sectors. Many IFPs were poised, in the right place, at the right time, with the right people, and were therefore 'fit for purpose' in their ability to adapt to a different policy scene. In particular, the Government's additional funding of the public sector was conditional upon the modernisation of local authority practice and services. In the absence or underdevelopment of alternative models, local authorities were often led to emulate those services which had been developed by IFPs. This increased funding, and the new public sector services it brought, did not neutralise those available from IFPs and certainly did not undermine the growth of further independent providers. Sellick (2002) estimated that there were almost as many IFPs as there were local authorities in England. By 2006 there were virtually twice as many IFPs than English local authorities (Sellick, 2006b).

Legal and policy changes: Opportunities and risks

The Care Standards Act 2000 brought the inspection of, and services provided by, all public and independent fostering agencies into line. These agencies were therefore registered and inspected in the same way: all were required to comply with the National Standards for Fostering Services and the Fostering Services Regulations, 2002 (Cullen and Lane, 2006). In describing the Government's cross-departmental review of provision for young children in 1998, one commentator referred to 'a commitment to the belief that statutory and voluntary agencies working together with a common goal can achieve more than the sum of the individual parts' (Glass, 1999, p.57) as an underlying principle of the new policy direction. Placement selection and related service provision were certainly key examples of this common goal. As the second New Labour term became the third in the mid-2000s, policy shifts

towards commissioning children's services, including foster placements, within children's trusts (Department for Education and Skills, 2005b) consolidated the position of the IFPs as pathfinders or pioneers of educational, therapeutic and other service innovations.

Another feature of this new statutory and policy framework only became apparent once the Care Standards Act had been implemented. Its immediate consequences have been significant. The Act empowered all independent (in addition to local authority) fostering agencies to assess and approve foster carers. Previously only voluntary, not for profit, agencies could be delegated these responsibilities by local authorities (Cullen, 2006). Probably because of this, at the time of the National Survey, 80 per cent of IFAs had registered under the previous arrangements as voluntary agencies. Information now available from the Commission for Social Care Inspection (CSCI) in England exposes a striking difference in the status of IFPs between the 'old' and 'new' agencies. In July 2006, 253 agencies were registered as IFPs in England. Thirty three were old IFPs including branches of Barnardos and the NCH and 28 of these had registered as voluntary, not for profit, organisations. The majority 220 IFPs were new and of these 206 were registered as private, for profit, organisations (CSCI, 2006). The implications are clear. There is now a substantial internal market of private sector fostering agencies in England competing with one another for local authority placement contracts.

On the face of it, the Care Standards Act was an exercise in equal opportunities. On the one hand it required all agencies to be accountable in the same way through regulation, inspection and registration and on the other empowered these agencies to assess and approve their own workforce of foster carers. Yet local authorities are usually large and under-funded organisations with extensive and wide-ranging responsibilities far beyond those of the generally smaller and specialist IFPs. The capability of many local authorities to speedily develop services and innovate is therefore curtailed in comparison to most IFPs. The entrepreneurialism which underpinned the growth and success of these agencies is unlikely to diminish. For many, possibly most, outsourcing contracts from local authorities promises a potentially lucrative income stream. The extent and volume of placements and related services is likely to far exceed those currently available through service level agreements identified in the SCIE review (Sellick and Howell, 2004) and commissioning study (Sellick, 2005).

Welfare reform and new managerialism

There is a growing literature in which a number of social policy commentators discuss how government reform and the practice of 'new managerialism' have changed the face of welfare in Britain. One edited account brings together assessments

of the welfare reforms of New Labour's first term of government (Powell, 2002). In one (Brunsdon and May, 2002) the authors distinguish between voluntary and community, and commercial welfare organisations in their evaluation of the government's approach to independent welfare provision. One of these commentators writes elsewhere that 'policy statements and planned initiatives from the current Labour administration suggest that private welfare is set to feature more prominently in the welfare mix of the future and in ways that are unlikely to be undermined by a government of a different political hue' (Brunsdon, 2003, p.189). The increasing use of the non governmental sector and its commercial and community mix appear therefore to constitute a unifying and sustainable ideology within contemporary British politics.

Other writers have used social work as a case study to describe and explain the links between managerialism and the marketisation of welfare in the New Labour age. Harris (1998) traces the development of management models in social work in the UK from bureau professionalism in the late 1970s to 'new managerialism' in the 1990s. Harlow (2004) explores the role of women in British social work within the dual world of post-feminism and new managerialism. Hodgson (2004) conducted a qualitative study to determine the nature of civil society in Wales and its association with the devolved Welsh Assembly. Heffernan (2006) considers the impact of language on social work practice in Britain especially how the term 'service user' rather than 'client' better reflects the imperative for involvement and collaboration. All offer additional insights as we continue to make sense of contemporary, and to predict future, developments in foster care.

In an open welfare market non governmental agencies compete in the delivery of social work services. This means that alternative rather than supplementary services are developed and provided by private and independent welfare agencies with an imperative to raise standards and reduce costs. In order to do so, services have to be managed rather than simply administered, 'in the most cost-effective and efficient manner (where) management methods have been borrowed from the private sector' (Harlow, 2004, p.169). Harris (1998) makes much the same point in his account of the application of the market to state sector social work which was seen as 'inefficient, wasteful and unbusiness-like with a lack of concern for efficiency and value for money' (Harris, 1998, p.852). There was then a firm view that the public sector could be overhauled by private sector methods. Sellick (2006b) challenges this one dimensional view of private practice and uses a number of studies which scrutinised private and manufacturing company management and business techniques to show that key staff were engaged in activities which were more commonly associated with the public sector. The most recent publication of these social policy commentators includes the phrase 'new public management' to describe where we now appear to be in a welfare world of 'working collaboratively across traditional service boundaries' (Heffernan, 2006, p.142). This seems to fit well with both the implementation of children's trusts and the kinds of contracting

arrangements identified in the commissioning study (Sellick, 2005, 2006b). However, Hodgson's account of partnerships between the state, civil society and business anticipates an alternative situation in which, apart from its funding role, the state plays no part in service provision 'where the institutions of civil society, in the form of a mix of voluntary associations and the market, form the proper forum for providing welfare' (Hodgson, 2004, p.140).

At the crossroads

So, is this the choice which is emerging for future practice: between a model where local authorities and IFPs, both old and new, collaborate in the shared provision of foster care, or one where the public sector withdraws and simply outsources placement and other service provision from mostly private independent fostering providers? Either way, the place of public sector provision has shifted considerably over the past decade. Although, as some of the research witnesses in the commissioning study (Sellick, 2005) made clear, the practice of purchasing and providing foster care services is met with mixed views by those engaged in this. There remain strong, opposing opinions about the practice of the mixed economy of fostering and these seem to have two main platforms. The first supports those who object to the use of the public purse for private provision. For example, one local authority social worker in the MFCA evaluation commented that the priority of this agency 'was to attract money rather than the good of the child' (Sellick and Connolly, 1999, p.20). Such views endure as illustrated by a local authority manager in the commissioning study (Sellick, 2005) who six years later said her 'concentration is on developing our business' (Sellick, 2005, p.9) rather than in collaborating with a local IFP. However, these expressions were in the minority. The majority of workers and managers across sectors seemed to share the experiences of Swedish social workers and students who found that 'the impact of ideology seems to diminish' (Dellgran and Hojer, 2005, p.57) with the provision of social work and fostering services which they valued and respected. The second platform supports those who apply what they consider to be effective business-like approaches emerging from the previous political era of compulsory competitive tendering. These managers, and they are found in IFPs as well as local authorities, want to do business in the purchase and provision of services as they imagine goods are handled in private and manufacturing companies. The many examples of socio-legal studies which informed the second of the commissioning publications (Sellick, 2006b) challenge this interpretation of doing business.

The Future

Two paths appear to be emerging. In one, which has already been staked out, fostering is being delivered through collaborative arrangements between local authorities and IFPs. These were not always entered into willingly, or voluntarily with good grace and in many local authorities considerable financial problems remain. However, these have become an established feature of the fostering scene. Councils are maintaining a public service in which they approve foster carers, place children and support placements according to their own local capacity. Where this is exceeded, as it generally is, IFPs are commissioned to make up the shortfall in foster placements and related services. Practice varies, but that is the route which is being followed across the country. A second path is at a later stage of construction. At its core is an internal market of largely private, for profit, IFPs accountable to shareholders rather than trustees, competing to provide placements purchased by local authorities. Some IFPs are able to supply considerably more placements and services than at present. Indeed many, buoyed up by the success of their enterprise, are keen to follow this other path. A recently published government commissioned study conducted by a large private sector financial company argues strongly (and virtually uncritically) for this alternative path (PriceWaterhouseCoopers, 2006). In this scene more and more, and eventually most or all, foster placements will be provided by IFPs.

The success of IFPs to position themselves skilfully and strategically according to differing policy imperatives seems unlikely to diminish. No policy maker or manager is likely to disregard the outputs of IFPs in respect of placement provision, services for children and foster carer support and satisfaction. There are other developments also: for example, the recruitment and retention of particular profiles of foster carers such as actively engaged male carers, and those with relevant professional qualifications and experience, which have resulted from IFP innovation and investment over the past decade (Sellick and Howell, 2003, 2004). A weakening or dismissal of ideology in welfare, shared it seems by policy makers and practitioners alike, may well influence the views and actions of the other key players - the managers, directors and budget holders in both public and independent agencies. Some may share the approach of the local authority manager who thought 'there might be a future where the independent provider can exist without being a threat to the local authority' (Sellick, 2005, p.15). Others, including those who are sympathetic with the view that the public sector should move further to the market place, may prefer a future where the existence of local authority fostering agencies is increasingly replaced by an enhanced private child welfare sector. A steady loss of faith in the ability of the public sector to do a good job and a weakening ideological opposition to free markets are likely to strengthen the IFPs. Independent agencies may well consolidate their position as the providers of more and more fostering placements and related services whilst local authorities provide less and commission more.

Outsourcing is likely to suit some large IFPs which have the capacity to provide a substantial volume of placements to local authorities. The PriceWaterhouseCoopers report identified five large IFPs with multi-million pound annual turnovers and many hundreds (in one case 1,500) of foster carers (PriceWaterhouseCoopers, 2006, p.25). However, for other IFPs, both new and old, the perils identified in the American and Australian studies (Barber, 2002; Unruh and Hodgkin, 2004) may await successful bidders of outsourced contracts. They may have under-estimated their costs in order to undercut their competitors. In so doing, they may have to reduce their services to children and foster carers. Doing the former may jeopardise their ability to recapture contracts when these are reviewed and doing the latter may risk undermining foster carer satisfaction and retention. A former Director of BAAF in Scotland sets out the dangers which voluntary providers have already faced:

... while the larger agencies within the sector, such as Barnardos and NCH, have the strength, financial power and wisdom to retain adequate space for innovative projects, smaller agencies are becoming increasingly preoccupied with meeting their contract specifications, with little room for manoeuvre. For these agencies, the barriers to entry into the welfare market have been removed, but the option of exit from the market has also been removed from their control. The result may be stifled growth and lack of innovation (Giltinan, 2002, p.55).

Outsourcing would allow councils to predict and reduce costs by budgeting for large volume based contracts with IFPs. However, beyond the short-term, outsourcing is unlikely to suit local authorities. In the medium and longer terms, financial and supply difficulties may mean that IFPs are unable to deliver the same quality and quantity of services. Outsourcing may simply therefore transfer rather than solve public sector funding problems. Relying on a competitive market place where other IFPs can tender more favourably than those struggling to deliver on the terms of the original contracts will create additional difficulties. Perhaps the greatest of these for local authorities would be the instability and disruption for looked after children being transferred from the foster carers of one IFP to another. In other words, exactly the same problems that New Labour policy initiatives such as *Quality Protects*, *Best Value*, and *Choice Protects* (Department of Health, 1998, 2002a, Department for Education and Skills, 2005c) were designed to solve.

Conclusion

The provision of foster care in Britain has changed significantly during the last decade although there are some certainties. Fostering is no longer a public sector activity occasionally supplemented by specialist schemes in long-established voluntary child care organisations. The combination of an undersupply of local authority foster carers, and the heavy demand in terms of both volume and needs of the children and young people placed, has ended that virtual monopoly position. The non governmental sector's role in providing foster placements and related therapeutic and educational services has grown significantly, some would say spectacularly, in the past decade. There is no evidence that the mixed economy of foster care provision will improve outcomes for children and young people. Although the range of services for children and young people placed in the IFPs has been valued by their agency foster carers, and the placing local authority social workers, there is virtually no evidence that these services are more successful or that they provide added value, beyond those available within local authorities, or that any such benefit is long-lasting. As Sellick and Connolly say: 'We know that IFA foster carers rate their support services very highly but we do not know whether these make a difference to children' (Sellick and Connolly, 2002, p.119).

For much of the time most of the non-governmental foster care sector comprised voluntary, not for profit agencies, staffed and managed by former local authority social workers. Their identity as innovators and pioneers of services for children and support for foster carers placed them in the tradition of the established voluntary sector. It also led to high levels of expressed satisfaction by the carers attached to these agencies and the social workers commissioning their services. That status has clearly changed. Currently, non governmental fostering agencies are almost exclusively registered as private organisations. Legal changes introduced by the Care Standards Act have enabled this to happen, but ideological changes, shared it seems by many of the key players, have cemented this development. Many welcome it as a sign of enterprise, and wish to support and defend this new position. The consequences are less certain. Researchers and practitioners in Kansas and South Australia (and some distinguished commentators in this country) have strongly cautioned against the drive towards a free foster care market characterised by open and competitive tenders for outsourced contacts (Barber, 2002; Unruh and Hodgkin, 2004; Gittings, 2002). But even if their voices have been heard by those who have the power to slow down or temper this drive, the possibilities of fewer supply difficulties for local authorities and greater demand certainties for IFPs may be too tempting to resist. This is particularly so if these are driven by a political consensus that the market can invigorate a moribund public sector and constrain costs. This position does not necessarily preclude the kinds of collaborative working relationships which have accompanied this new world of inter-sector arrangements, especially if welfare managers understand that some of their private and manufacturing sector peers have

learnt to value and apply these kind of arrangements and relationships. Contracting through co-operation and collaboration may well become the exemplar, even in a more business-minded private welfare sector.

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