

Housing, Communities and Local Government Committee

Oral evidence: Funding of Local Authorities' Children's Services, HC 1638

Monday 11 March 2019

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Members present: Mr Clive Betts (Chair); Bob Blackman; Helen Hayes; Kevin Hollinrake; Andrew Lewer; Teresa Pearce; Mr Mark Prisk; Mary Robinson; Liz Twist; Matt Western.

Questions 151 - 241

Witnesses

I: Jonathan Stanley, Chief Executive Officer, Independent Children's Homes Association; Andrew Isaac, Chair, Children's Services Development Group.

II: Rishi Sunak MP, Minister for Local Government, Ministry of Housing, Communities and Local Government; Nadhim Zahawi MP, Parliamentary Under Secretary of State for Children and Families, Department for Education.

Examination of witnesses

Witnesses: Jonathan Stanley and Andrew Isaac.

Chair: Thank you very much for coming to this final evidence session in the Committee's inquiry into the funding of local authorities' children's services. Before I come over to you and thank you for coming to be witnesses, I will ask members of the Committee to put on record any particular interests they may have that are relevant to this inquiry. I am a vice-president of the Local Government Association.

Teresa Pearce: My interests are as per the Register of Members' Financial Interests, but I also employ two councillors in my office.

Liz Twist: I employ a councillor in my office.

Helen Hayes: I am a vice-president of the Local Government Association and I employ a councillor in my staff team.



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Bob Blackman: I am a vice-president of the Local Government Association.

Mary Robinson: I employ a councillor in my team.

Andrew Lewer: I am a vice-president of the LGA.

Q151 **Chair:** Thank you very much for coming to give evidence to us this afternoon. Perhaps just to begin with you could say who you are and the organisation you are representing today.

Jonathan Stanley: I am Jonathan Stanley. I am the chief executive of the Independent Children's Homes Association.

Andrew Isaac: I am Andrew Isaac, here in my capacity as chair of the Children's Services Development Group.

Chair: You are both very welcome.

Q152 **Teresa Pearce:** Good afternoon. Some of the evidence we have received suggests that the current system of local authorities commissioning and buying care for children is not working well. Would you agree?

Jonathan Stanley: Yes.

Q153 **Teresa Pearce:** How could it be improved?

Jonathan Stanley: We would say it is not commissioning; it is procurement. We are just emerging from what has been a local authority monopsony for many years. What we need to improve it is a strategy. We have no national, regional or local strategy. We need a plan on all three levels. That would be created by having a need assessment undertaken by all local authorities using the same methodology, aggregating the data and sharing it with providers. We would then have the evidence for a business case. Currently, local authorities have to produce something called a sufficiency statement. We think that is far too descriptive and not analytical. We do not have an analysis yet.

If you start at DfE, we do not have a strategy. We have *Putting children first*, which we see as a series of propositions. We are not involved in the discussions at that level. For example, we understand that there was a roundtable last week that providers were not invited to attend. At regional level, we have provided you with a legal and commercial analysis of commissioning. It is not effective in terms of getting the numbers of placements; it is not efficient in terms of spend. In terms of the Government coming back there again, the Residential Care Leadership Board has been too narrow in its focus, with only one person to do it. The commissioning has had two projects, but they really seem to be more of the same.

Overall, there is not a great deal of co-operation or collaboration between providers and the local authorities. Within residential care—Andrew can speak perhaps more for fostering—55% of placements are now made on spot purchase, because people are unable to meet needs at the fees available. There is a contradiction between needs-led pricing and



price-led needs. We have put forward proposals on one side, which is our position statement. We have noted the volatility and uncertainty of things that are happening at the moment. Demand is outstripping supply; there are issues around occupancy, which maybe is something we can come back to.

There is a contradiction. The contradiction is that it is not the providers that are in competition with each other; it is local authorities. They are in competition for what may be, on any one day, only 125 placements nationally. The thesis might be that we need more homes—maybe 125 more homes—but that will mean 125 registered managers and staff teams of 12. Currently, we have a shortfall of managers and a difficulty in recruitment. Overall, we would say that to improve it we need a change in commissioning culture. Think about it as parenting rather than procurement. We also need strategy, needs analysis and co-production.

Andrew Isaac: There are a couple of things I would add there. Certainly in terms of the procurement element, that is fully functional in terms of the framework agreements and a number of items that previous witnesses have put through on there. That is actually working from a procurement point of view.

However, if this is about how to improve matters, which I believe it is, there are probably two things here. A number of years ago, the commissioning support programme, which DfE ran, was itself decommissioned. That provided a great deal of support to commissioners in terms of how to approach things like commissioning. Secondly, in terms of the commissioners, commissioners and providers do not necessarily make for good commissioning. You need to separate those out. At CSDG we have been advocating an outcomes framework of some description for all providers: local authorities, independents and the third sector. That means everybody will then be benchmarked on certain things from quality to delivery and, more importantly, the outcomes for the children and young people. That is a good way forward.

We have an awful lot of information vested in the Department for Education. There is an awful lot of data vested in Ofsted. We should start using that to plan forward. In terms of each individual local community, the sufficiency of the resources is sometimes bigger than just the border of their boroughs.

Q154 **Teresa Pearce:** Mr Isaac, in terms of what you just said there about outcomes, what we have heard is that, because of scarcity of supply, often a local authority will place a child not at the best place for their needs but the only place. Would the suggestion you have made remedy that, or can it not be remedied until we have a wider choice and more supply?

Andrew Isaac: The supply chain certainly has to be increased, but in terms of outcomes for each individual child, it is the matching that is the most important. We are all aiming to make sure placements, whether they are in a residential home, a special needs school or fostering, are as



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secure as possible and designed around the needs of the child. That is terribly important for the child. You cannot do the “bed and breakfast” scenario, where the child is in on Friday and out on Monday. That is not very good for the child at all.

However, if you take a broader picture on an outcomes framework, you know what facilities are available to you in a specific area; you know what can be delivered, because there is a process to go through to do it; and you know what outcomes are needed to match the child. That means the whole market, in terms of local authorities, the independent sector and the voluntary sector, will then gear up their supply chain to support those children in that area. It could be a metropolitan area; it could be a rural area. The needs will be totally different.

As a point here, since 2010 the number of children aged 16-plus coming into care has gone up by 78%. If you think back to the changes in the early interventions and you match the timing, there is no evidence to say it was as a result of that, but 14, 15 and 16-year-olds have a completely different set of needs to four and five-year-olds.

Q155 Chair: Can I just come back on that point? What you have described there is an ideal world almost, where the needs of the child are paramount and the outcomes are really important. Is the reality not now that many children are placed in desperation by a social worker, maybe on a Friday evening, they just breathe a sigh of relief that they have placed the child somewhere, and the provider thinks, “Thank goodness; we have an income stream coming in”? There is really no attempt to monitor what the effect of that placement is on the child and what the outcomes are. Is that not true? That happens in many cases, does it not?

Andrew Isaac: There are probably two answers to that. First, on a Friday evening in an emergency situation, of course there has to be a place of safety. That could be the social worker; it could be the police. Everybody has to respond to that to make sure that child is safe.

Q156 Chair: I will say Thursday morning, then. What we have heard is that very often, any time of the week, there is only place for the child to go, and that is it. Is that not true?

Andrew Isaac: I am not so sure I specifically agree with you, in that a lot of placements are planned placements. In other words, the social workers look at the needs of that child and ask where the best fit is going to be. Sometimes a care order can take a number of weeks to come through. The child is waiting, and therefore they are in a short-term position.

Jonathan Stanley: I am not sure that you are being given the whole picture accurately; there is a dominant narrative at the moment that presents that, and persistently presents that both from political local authorities particularly and within the media. If we look at the outcomes for children’s homes, 97% require improvement to be “good” or better and 80% require improvement to be “good” or “outstanding”. That can only happen if matching is happening. That can only happen, because



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otherwise the homes would be rated “inadequate”. Children are being matched to the right placement.

However, are they being matched early enough? Probably not. That may well have something to do with whether we have enough children’s homes we have. We do not. The reason we do not is largely because of the drive-down on fees and regulation. The ADCS uses an interpretation of the Ofsted outcomes of, “Only ‘good’ is good enough”, but that excludes all of the “requiring improvement” homes. In terms of staffing, do we have the right staffing? Are we able to open up the homes? There is also the risk to reputation. These are all things that prevent the supply of homes.

Providers are saying no to children, because they are getting 500 to 700 referrals a month and there are only 125 places open per day, plus matching, which decreases it even further. We do have a situation of scarcity. The situation is one where we are trying to engender investment to open this up. That only happens through strategy and planning. If we have needs analysis, we will be able to get the occupancy right. Occupancy is key. It is not about profit; it is making sure that we have enough children in the right place as a stable home.

Q157 Chair: I just have one more point, and then I will hand over to Andrew. On a regular basis when children are placed, is an assessment done about the impact of that placement at the end of that placement, in terms of what has been achieved and how much improvement there has been and how much assistance the children have got from that placement?

Andrew Isaac: As part of their care planning, and if they have an EHC plan, it is mapped out. It should happen for every child, but you are quite right that there are instances where it is an emergency situation. There should be a requirement that the care planning is done sooner rather than later. You are looking at children who need short-term help. That may just be an issue at home that could be resolved in a six or eight-week period. You then have children who need longer-term help, but the dynamics of the children’s market are changing to be older children with far more significant needs. Therefore, you have to be really careful about what they want.

You take them at 16, and you are taking them up to the age of 18. I have a terrible fear about the falling off at the cliff edge. I have a couple of statistics for you, which you should be aware of. Children who leave care or care leavers, looked-after children, are four or five times more likely to self-harm. I found that terrible. Centrepoin are saying that 35% of homeless people have been through the care system. 1% of children are in care, but 42% of the children in young offenders’ institutions have been through the care system.

Those are things that we should look at beyond 18. If they are coming in at 15 or 16, we need to create a children’s services that runs beyond that. We certainly do not take that approach with our own children at 18



and say, "Off you go, chaps". They are not equipped. Those children have been through a traumatic time, and often through no initial fault of themselves. It is circumstances, whatever it might be. We need to consider how we can use the data we have—Jonathan is quite correct—and how we can take that information and plan ahead. What facilities do we need in a particular location? How many schools do we need? How many foster parents do we need? The system, the mixed market economy, is working particularly well. It is working very well and it has a situation where it is fully functional, but we actually need to walk forward on that.

Q158 Andrew Lewer: We have been hearing various pieces of evidence. We have heard already that the price of residential care is increasing. Why are prices indeed going up?

Jonathan Stanley: Are fees increasing? Yes. Are prices increasing? Yes. Are costs increasing? Yes. You can look at the cost increases and you can identify them: national minimum wage for sleeping in, pension and Ofsted. Allan Madeley gave you some evidence, and he looked at analysis over seven years. He noted that prices had up. Yes, prices do go up after seven years. There was something slightly misleading in that.

In terms of looking at that, if we look at profits, as we do every year—we are about to publish another 2019 state of the market or state of the sector survey—last year 41% of children's homes recorded a lower profit. Particularly, 51% of small providers recorded a lower profit. That is really important, because most of our provision is small providers that only have one or two homes. The reserves were static or in decline. We have a real issue here. The issue was not necessarily one of profit but of debt. It takes about £1 million to open up a children's home. If you are a small provider, you are trying to pay that back. If you are a larger provider, you have much more than that. Something we have yet to really consider is the impact of the debt on the children's residential sector at the moment.

As I said to the Chair, occupancy is key. There is an all-important factor here. We have one example of the cross-regional project, to which I was a consultant, so I have an interest in that as well. The cross-regional project brought together six local authorities to work on high-level complex needs. It offered assured occupancy and only the right children going in. As a result of that, the risks were reduced but so were the fees. I know Ray Jones gave you some evidence and said that voids do not matter in a local authority, but I am assured by my local authority friends that they do.

There is a contradiction here between trying to reduce residential care use and residential fees and at the same time trying to continue with the demand increase and provide enough children here. It is possible to think about different investment vehicles. Maybe the issue people are beginning to point towards is overseas investments, but there are different investment vehicles. We could bring that investment back home, and there are different ways of doing that. I know Andrew Rome has



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written an article in *Children & Young People Now*.

There are two big questions here. One is for private providers and Government; one is for local authorities. The bigger question is, if we do not have private sector investment, which would engender some degree of return on investment, where do we have our children's homes, given that they are 75% of our children's homes and we have a Government that promotes free enterprise?

The second question is about local authorities saying of the residential sector, "It is not responding". Local authorities can be providers, too. Only 44 local authorities now have their own children's homes, and that declined still further last year. They could open up homes. They could. That would affect the profit-making and the surplus that is possible. The question is about why local authorities are not taking advantage of advantageous loans to open up their own homes, especially at a time when they are acting without a plan for the independent sector. There are many things here that are as yet unaddressed. Whilst we look at your question in particular, it is much broader and much more complicated.

Q159 Andrew Lewer: Are you of the view that they are acting without an independent plan of their own as a local authority? Are you suggesting that there ought to be a higher-level strategic one at a national level, which is not as present as it should be at the moment?

Jonathan Stanley: It is both. We have to have a strategy that enables us to know what to do nationally, regionally, maybe sub-regionally and locally. We can only do that by having the numbers, as Andrew quite rightly said. What I am saying is that we need the numbers to know how much we need and where we need it. For example, in the south-west, how many homes do we need for 14-year-old adolescent girls with Asperger's who are self-harming, who may have an educational need and an undiagnosed mental health condition? We do not know. If we knew, however, that there were maybe six over the past three years and we projected forward for the next three years that there would be six, there is not just a care case; there is a business case. That sort of granular analysis is what we need.

Andrew Isaac: I would add something to that in terms of children's services in general. The complexity of some of the children and young people entering into children's services is much, much higher than it was before. As a result of that, the interventions and the therapies that are required around that will necessarily increase the costs for some young children. You have to accept that. We need to get those things right at this stage in their development into adulthood rather than trying to solve the problem in 10 years' time.

Q160 Andrew Lewer: You have referenced Professor Ray Jones already. I will give you a little quotation from him: "Hundreds of millions of pounds are now being taken out of children's social services as profits by private companies and distant venture capitalists". Part of the reason you are here, or at least part of the focus of the questions here, is to provide



some balance to the inquiry.

That is one view, but I wondered how you would address the more general point about independent providers and businesses looking to make a profit of whatever level versus providing the best outcomes for children as a conceptual point. As a more specific point on that, however, you could perhaps let us know what the view is from your member organisations about the percentage of the fee paid by local authorities to you as private providers that is directly spent on the care that you provide.

Andrew Isaac: In terms of both the Narey review and the fostering stocktake, there is very little difference between the cost of providing care in the independent sector and the public sector. From the point of view of the independent sector, the issue is that there is investment in training, development and infrastructure to maintain that. That is how that part of the sector works. If you then look at the procurement element in fostering, for example, you have frameworks that are set up with capped prices per child for each of the categories of children. Within that, there is an awful lot of work that goes into providing very detailed information behind that in order that providers can be placed on to a framework in order to provide services.

They have to be competitive by necessity. Similarly, one point I wanted to bring up to you, ladies and gentlemen, was the quality issue. For example, 97%¹ of CSDG members' facilities are all "good" or "outstanding". On any framework that you have to be on, you have to have a minimum Ofsted of "good". It is within the nature of providing those services that you then have to invest in going forward. That has to be good for everybody. Particularly, it has to be good for the young person.

Jonathan Stanley: Unless a provider is providing good outcomes, they will not survive. It is as bleak or as bald as that. There is a question as to how we currently, in this country, approach outcomes. We have put forward suggestions as to how we might do that. That would extend into social work practice as well as providers. There is a range of profits. It is important to be able to look at the range but also to look at the submarkets rather than the overall picture.

I would point you to the unit-costs document that Andrew and I wrote, the conceptual framework. Each of those individual spaces is about a different submarket. They all have a different profit range and they all have a different category of need. In terms of what the price is, the price is the full cost of care. That does include the financing and it does include a surplus, whatever that might be. If there is a question about whether there is an ethical surplus to be made, that is something that needs to be brought forward and can be considered.

¹ The witness has clarified that the figure of 97% of CSDG members' provision being rated as Good or Outstanding refers specifically to fostering provision.



What we have to think about, though, is the fact that we have a scarcity of supply in residential care. Anything we do has to be increasing supply rather than decreasing it. If it is the case that we have overseas investment, it is coming in for a purpose; it is coming in to deliver care. Yes, there may well be a repayment going out beyond these shores, but if we want to do it ourselves, let us think of an internal British way of being able to finance social care sustainably. I am sure we can do that.

Chair: Thank you both very much for coming and giving evidence to this Committee this afternoon. Thank you.

Examination of witnesses

Witnesses: Nadhim Zahawi MP and Rishi Sunak MP.

Q161 **Chair:** Ministers, thank you very much for coming to give evidence to the Committee this afternoon. The Minister for Local Government is quite well known to us. He has survived on previous occasions.

Rishi Sunak: Yes, I lived to tell the tale.

Chair: It is your first visit here, Minister for Children and Families, but you are most welcome as well. Thank you very much for coming.

Nadhim Zahawi: Thank you very much.

Q162 **Chair:** Looking at the current situation in terms of demand for children's services, particularly children who are regarded as having different needs, demand is rising very rapidly yet when the National Audit Office gave us information it said, "While the Department [for Education] has put in place a programme of reform, it still does not fully understand what is driving demand for children's social care". Is that a fair assessment?

Nadhim Zahawi: The National Audit Office's report is an important one, and it is a challenging report for us. What I would say is that we know where the demand is coming from. One-third of the demand is coming from population growth. If you look at the difference from 2013 to today, one-third is population growth, one-third is unaccompanied asylum-seeking children, and one-third is domestic abuse, substance misuse and mental health—the toxic trio. There is variation between local authorities in that final third.

There is a further challenge in the sense that a very small number of complex cases in children's social care can spike the unit cost for local authorities. Our spending review preparation work is also important in this area in terms of getting to understand the variation in that final third, because we have a good handle on the first two. When we do that work, it is important to develop the projections for the likely increase in



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demand for children's services. It is a challenging report, but I would argue that we have a good handle on where the demand is coming from.

Q163 **Chair:** How far are you down the road of getting an answer to the extra third?

Nadhim Zahawi: It varies from local authority to local authority, and that variation will always be there. It would be inaccurate to suggest that there is no variation, as I have tried to explain, but we are beginning to get a good handle on how local authorities are beginning to address that issue, including some of the work we have done both in the Innovation Programme and the What Works Centre.

Q164 **Chair:** That is how we may address the issue, but what is causing it? You have just described why, in terms of the NAO findings, two-thirds of the increase in demand was explicable but a third was not at the stage of the NAO report. How much clearer are you about that third?

Nadhim Zahawi: What is causing it is the toxic trio: mental health, substance misuse and domestic abuse. The combination of those varies in each area.

Q165 **Chair:** I am sorry. We will come back to that point. A third is due to population and a third is due to that toxic mix, as in your initial statement. What is the other third due to?

Nadhim Zahawi: The other third is unaccompanied asylum-seeking children. One third is population growth, one third is unaccompanied asylum-seeking children in the growth of demand, and one third is the toxic trio.

Q166 **Chair:** Has the NAO accepted that explanation?

Nadhim Zahawi: The NAO has challenged us to say, "Do you have a good handle on this?" My argument to you is that we have a good handle and we are doing good work, and our work for the spending review will allow us to make sure that we are in a good position to project forward from here.

Q167 **Chair:** When the NAO did its investigation, why could you not give that explanation to the NAO for it to accept?

Nadhim Zahawi: We did.

Chair: It did not accept it, did it?

Nadhim Zahawi: No, its criticism was around whether we are moving fast enough, in our understanding, and I would argue that that is a good challenge for us as a Department, but the work we are doing in preparation for the spending review will begin to address that issue.

Q168 **Chair:** Do those factors really explain why the number of children with child protection investigations, or indeed the number of newborn babies taken into care, has doubled in the last 10 years? Does it really explain



that?

Nadhim Zahawi: Yes, because, as I have said, you have population growth. There are local authorities, such as Leeds, Hertfordshire or North Yorkshire, that have delivered a whole-system approach to managing demand and have brought the numbers down. What we have done is learned from those areas as part of the Innovation Programme, and we are putting in £84 million over the next five years to scale up those models, which have managed to deliver a better outcome for families and children and bring the numbers of looked-after children down.

Q169 **Chair:** We will come back to the Innovation Programme in a minute. Finally, in terms of the growth in demand, given that virtually every council has reduced spending on early intervention and on statutory services in order to fund the increase in statutory requirements, has this reduction in early intervention had any impact on the rising demand for statutory services?

Nadhim Zahawi: Early intervention is about intervening with the right families at the right time and, most importantly, in the right way. The local authorities that have the freedom to decide those things have done well. We have worked with the Early Intervention Foundation, including work that cost the best part of £2 million, to determine what early intervention improves the lives of families. My own evidence would suggest that the local authorities that have done well have not just done early intervention in a piecemeal way; they have looked at their whole system and changed it.

The ones that have done well are ones like Leeds, Hertfordshire and North Yorkshire, all of which have a whole-system strategy. When you dig beneath that whole-system strategy, when you unpack it, you discover that they have done well because they have also intervened early as part of their overall strategy, rather than looking at this in a piecemeal way and thinking, "We have to do early intervention, and that will be the answer to everything". It is not.

Q170 **Chair:** In many parts of the country, such as my own city, Sheffield, Sure Start centres have just disappeared; they have been closed. That has not exactly helped, has it?

Nadhim Zahawi: Rishi, come in when you want to. All I would say on that is that the good local authorities, such as Staffordshire—

Chair: So Sheffield is not a good local authority.

Nadhim Zahawi: No, forgive me. It absolutely is a good local authority. What I am trying to say is that the local authorities that have done well are the ones that have looked at how they deliver for the most disadvantaged families. That might be through children's centres or outreach into the homes of those families. Staffordshire decided to redesign its service and reduce the number of children's centres. They felt bricks and mortar were not working for them everywhere, because



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the families most at risk were not coming through the door. They focused on hubs—we are seeing this elsewhere, in Essex and Westminster—and repurposed their resources towards reaching out to those families, knocking on their doors and helping them in a different way. They continue to do well and do good work in that area.

Being overly focused on just the number of buildings that are available would be the wrong thing to surmise. As part of our peer review work, we are looking at which local authorities are delivering really well, using their hubs or children's centres. We have put £8 million into that.

Rishi Sunak: I was going to add something on this point about children's centres and early intervention in general. Of course, you would intuitively think that it must make a difference. That is what common sense would tell you. When you piece this together, when you talk to the Early Intervention Foundation and you try to go through the data, trying to generate data that is clear and compelling and that shows that link at a statistically significant level is not as straightforward as one might imagine. I see that myself in trying to make sure we evaluate the Troubled Families programme well and rigorously.

Interestingly, specifically on this topic of children's centres, the NAO's report did make the point that its analysis showed that there was no significant link between, for example, closure of Sure Start centres and an increase in statutory children's care activity. It made a point of saying that. That does not mean that those centres do not do good things—of course they do and they would have benefited families—but it at least could not find a statistically significant link between what you would expect potentially, given your question: that if we close Sure Start centres it will lead to an increase in children's care activity. It did not find that, which is worth noting.

Nadhim Zahawi: I would also just come back on this. You mentioned the significant rise in section 47 inquiries, which is one of the issues you have looked at when I have been through some of the earlier sessions you have had. You are right: the national increase in the number of section 47 inquiries has risen significantly. What that has not done is resulted in a corresponding increase in the number of child protection plans. You had Yvette Stanley give you evidence about this. Officers have not seen more children taken through investigations that should not be, i.e. the system is working well; the investigations are happening for a good reason. It has not necessarily been resulted in child protection plans.

Q171 **Chair:** There has been an increase. It is about 18%. It is not a doubling. There has been an increase, but it has not been significant.

Nadhim Zahawi: Correct, yes.

Q172 **Lucy Allan:** I wanted to follow up on what the Chair was saying about this very rapid increase. There has been a 140% increase in section 47



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inquiries over a 10-year period. Minister, you have been very definitive about the causes. You simply said it was one-third, one-third and one-third. We listened to what you say, but I have to ask you: is it not a great deal more complex than how you present it?

Nadhim Zahawi: Forgive me. I would not want to give the impression that it was not complex. It is challenging and complex. All I am saying is that if you look at the reason for the demand, one-third is population growth since 2013—

Lucy Allan: We do not need you to repeat that.

Nadhim Zahawi: The variation, which is complicated and complex, is the toxic trio and deprivation. There is also a further complicating element, which is that how local authorities choose to react to those pressures adds further to the variation.

Rishi Sunak: Can I come in on that point, Ms Allan? It is an important point. Nadhim is in the detail of the policy on the ground. I am talking to local authorities every day in the job, so I get a slightly more general view. The point he just mentioned is something I hear almost every week from local authorities when I am just talking to them about pressures and what they see on the ground.

On one hand, it is this notion of risk aversion. We all know what happens. I am sure you have had evidence from other people as well; things are in the news. That has created a culture where people want to avoid being blamed. They are going to act in a more risk-averse manner, which is understandable but obviously has implications for the amount of activity around investigations. As Nadhim said, the related thing is the fact that there is a hugely different interpretation of risk, so how people chose to respond to things. There are authorities where there is a strong culture of leadership and a more confident authority. For example, Leeds would talk to you about the culture of leadership and giving their social workers the confidence to say, "We are okay. We have done what we need to do". That has changed over time.

From a modelling perspective, what Nadhim is probably trying to say is that we know the general set of issues but, with modelling, we are trying to come up with a precise formula that explains why this authority has need going up this much and this one has need going up that much. These kinds of subjective things, such as the interpretation of risk, are tricky to model in that level of detail. I would not underestimate that last bucket, however. That is what I hear almost every week. It is hard to put that down on a piece of paper and create a process or a framework for that. It just requires judgments, and they are subjective. That is what is proving to be some of the rise in the increase over the last few years.

Q173 **Mary Robinson:** We have heard the explanation in the round about how these numbers have grown. I wonder how confident you are that you do not just have the overall view but a more granular approach to the data.



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We did hear earlier from Jonathan Stanley that he felt there was a need for more shared data and granular analysis. Is that possible? Is the data shared adequately between local authorities and the Government?

Nadhim Zahawi: You raise a really important point, Mary. One of the first things I did when I was appointed as the Children and Families Minister was to sit down with local authorities and say, "What is the data set you look at that allows you to make the decisions you need to make to hold the risk that Rishi was talking about? What are the data sets that we have?" What I wanted to do was get to a place where we are all looking at the same data. Ultimately, we all want the same outcomes: that children are protected but also that stability is delivered for those kids and their families as quickly as possible.

I am pleased to say that local authorities and the Directors of Children's Services have responded. We have just got to a place where we have an MOU with every single local authority in every single region, where we are going to share data almost in real time. It will be the same cut of data, so we are all looking at the same thing. Again, that will help us both in terms of what I call the day-to-day management of the system but also to get a good handle on variation as well.

Rishi Sunak: Could I just come in on that? Part of my job is to help oversee the introduction of a new funding formula for local government. Children's services is one of the service areas within that that will have its own formula. Your question is absolutely spot on. I thought it may be helpful for the Committee for me to elaborate our process on what we are doing there, because it goes to the heart of your question about how granular we can get.

The Department has engaged jointly with LG Futures, a consultancy I know you have also worked with in the past, together with the University of Huddersfield and the University of Plymouth, from memory, to work on this new formula. We have taken a little bit of extra time to get up and running, because we wanted them to have access, clearing all of the various data protection issues, to the most sophisticated databases that exist, which they now have. When they do their analysis to predict need when it comes to children's services, they will be doing that not at a local authority level or even a lower layer super output area level; they will be doing it at the level of the individual child.

That database, which they now have, will enable the predictive modelling for the fair funding review to be done at a very granular level. Out of all the things in the fair funding review, that is probably the one that will have the most level of detail. Hopefully that provides you with some comfort going forward in terms of how funding is allocated. It will be done on as detailed and as granular a basis as possible.

Q174 **Mr Prisk:** We have had quite extensive oral and written evidence that councils feels that extra duties are being placed on them in children's services for which they do not have adequate funding. We have had



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various examples on this. Is this a fair criticism?

Nadhim Zahawi: I have heard the same criticism and I heard it when I took on this job on day one. I would argue that when we do place new duties on local authorities, we think through and follow through with funding. Let me give you an example of that, Mark.

In May 2014, the Department provided over £90 million to local authorities to implement Staying Put, because it is something that, through the Innovation Programme, we very quickly worked out is beginning to work. We made sure that the funding was there. We have also committed further funding in 2019-20 of £24 million for Staying Put. We are providing an additional £7.6 million a year to local authorities to deliver the duty on virtual school heads. Every time we have looked at how we can improve the system further and there is a new duty, we have actually looked at what funding is needed and we have delivered that as well.

Q175 **Mr Prisk:** The evidence suggests that in 2011 there were around 200 burdens in this particular field but the number of duties has now risen to nearly 300, which is quite extensive. How did you apply the new burdens doctrine? Clearly, it is a crucial part of the way in which such assessments are made.

Nadhim Zahawi: Yes, we do extensive research with local authorities, whenever we look at how we apply this.

Rishi Sunak: Perhaps I could come in. You are absolutely right. Any new burdens should be adequately funded. That is a general Whitehall principle. MHCLG takes the lead in working with the Department and wants to put the new regulations on to come up with a cost model that we think is accurate. What we do is then review those over time, because they are not perfect. We can overestimate or underestimate. As part of the work coming up to the spending review, we are currently in the process of reviewing burdens across local government.

Nadhim and I probably sit on slightly different sides of the fence here. I am very keen that local government is adequately funded for burdens that any Department wants to place on it, whether it be Defra with new requirements around recycling and bin collection, et cetera, or indeed children's services. We are looking at all the burdens that have been put on over the last few years and checking where the funding is. Another one that I am sure we will talk about later is around unaccompanied asylum-seeking children and whether those costs are adequately funded as well. We are very alert to those issues; we are very alert to the concerns local authorities have. They raise them with me regularly and we will, as part of the spending review, make sure that we accurately account for things that we think are underfunded to date or have been underfunded because the modelling has been wrong.

Q176 **Mr Prisk:** There have been new burdens placed in some instances where there is a gap in the funding. You are saying they are underfunded.



Rishi Sunak: No, I am saying that, if the analysis shows that is the case, it will very much inform our conversation with the Treasury around the spending review, to make that we can, where possible, make a strong case for adjusting some of those things or make the case that they are not sufficient for the purposes that they were designed for.

Q177 **Mr Prisk:** At the moment, the new burdens doctrine requires you as a Department to look at no more than six new burdens a year. It is going to take you a long time to get through the extra 100.

Rishi Sunak: We can take a proportionate approach. Not all burdens are equally burdensome. Where we focus our attention is on the ones that the LGA or indeed local authorities tell us they feel are the most financially burdensome or where there is the biggest disconnect between what they are being compensated and what the cost is. It is a relatively straightforward conversation to work with them to try to identify those costs. We have that analysis, and that feeds into our work with the Treasury around the spending review.

Q178 **Mr Prisk:** You mentioned some limitations, but clearly the application of the Treasury's Green Book and, alongside that, its own value-for-money approach can lead to a significant gap between an estimated cost and the actual cost on the ground. Are you satisfied the Department for Education has got the numbers right? The evidence from councils is that there is a noticeable gap. It is not just a question of there not being funding; there are lots of instances where there is funding but it is wholly inadequate.

Rishi Sunak: I do not have access to exactly what you are looking at, but, if it is something I have not seen, I would be happy to have a look at it, because I would like to have the information in detail. I very much seek that information. When I have been in this job, I have had relatively few new burdens that I have had to approve, and they have been relatively small things, from memory. I am very rigorous about that process.

As I said, the things that have happened historically, the things that Parliament as a body passes such as the Children and Families Act 2014, have had implications. It is hard to get those exactly right. You do not know all the implications of the legislation at the time, so it is right, as those things get reviewed, as we are now reviewing them for the spending review, that we will go through exactly that work.

Q179 **Mr Prisk:** If there is evidence that there is a gap between the actual cost of delivering a new burden and the money provided, would both Departments be happy to plug that gap?

Rishi Sunak: When you are going in to a spending review, it is probably difficult to say of the quantum of money, "This bit is for this. This bit is for that. This bit is for this". What I would say is—I always say this in my conversations with the Secretary of State as well—that if they provide me with the evidence and the data and I can quality-control it, go through it with Nadhim and hold him to account as well, that all helps me make a



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strong case for the right quantum of funding for local government in general, of which this is one piece. I very much will use that information to make my arguments to the Treasury when the time comes.

Q180 Mr Prisk: What is the Department for Education's point of view?

Nadhim Zahawi: Rishi and I mentioned virtual school heads, because it is something that we introduced in 2018. The work we did with local authorities to make sure we got the number right in terms of increasing the workload on virtual school heads to look after previously looked-after children came out of that £7.6 million, and it was rigorous. I did not get feedback from local government saying, "Actually, you are unfair. This is wrong". The virtual school heads and local authorities welcomed it.

Mark, you have been in this seat before and you have very elegantly attempted to negotiate a spending review here in this Committee, but I shall refrain from doing that today. We work very closely together. Clearly, we have a responsibility to make sure the system for looking after the most vulnerable children in our society works well and works efficiently. There are things like high-needs budgets, which Rishi was referring to earlier. You have to make sure you go back and look at the 2014 legislation, which is considered to be best of breed, not just in this country but around the world, in terms of delivering for children with SEND. Clearly, however, there are high budgetary pressures on local government, and it is right that we look at all these things in the round.

Q181 Mr Prisk: If MHCLG does come back to you and says, "Look, there is actually a gap between what the burden is and the money you are currently providing", you will plug the gap.

Nadhim Zahawi: No, as I said to you, I am not going to sit here and negotiate an SR. We will look at their evidence; we will look at the numbers. We have done our own work as well. We will then take a view on this, working with MHCLG.

Q182 Mr Prisk: It is nothing to do with the spending review. You are required to do that under the new burdens doctrine.

Nadhim Zahawi: Sure, okay.

Chair: That is an important point, Mark.

Q183 Andrew Lewer: To follow up on that, the new burden that has been particularly burdensome—this is something the LGA and others in local government are particularly insistent has not been covered by allocations that were made to it, because this expenditure now falls much more heavily on local government than it did before—is the extension from 18/19 up to 25. Would you be able to indicate to us whether that will be a particular focus within the spending review? Will this be an area of new burdens that you both give your particular attention to as you approach the spending review?

Nadhim Zahawi: We are looking at that very closely.



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Q184 Helen Hayes: There are families with no recourse to public funds due to their immigration status who are being supported by local authorities for an average of two and a half years. We have received evidence that that is, in the main, due to Home Office delays. Should the Government therefore be providing the funding to support these children and their families, rather than local councils having to do so?

Rishi Sunak: I can take that. We are aware that there are a number of families within the system that, as you have described, are in this gap where they have no recourse to public funds yet there may or may not, depending on the legal interpretation, be an obligation for local authorities to help provide some assistance to them. What is happening—it is largely a Home Office lead, so I will give you the best information I can on it—is there are a range of things in place to help manage that situation. One of those is a database called NRPF Connect, which allows local authorities to work with the Home Office to identify these people and look at which status they fall under and whether that means they need extra funding or not, which has proven to be very helpful.

There are also Home Office immigration officials, and there is also another group of people. I cannot remember their name, but I think they are called local partnership managers, who are embedded inside local authorities where there is a particularly acute issue to help them manage that. There is also a quarterly steering group with officials from my Department, DfE and the Home Office as well, which works with local government to try to find out whether there are particular issues or cases that need escalating.

Lastly, the process of helping some of these families remove that condition has been sped up considerably. The processing time for that has halved over recent time, and the cases where local authorities are on the hook at the moment are being prioritised. With that said, I know the Home Office are looking at this and they are aware of the situation. There is probably not much more I can add, however.

Q185 Helen Hayes: I completely accept the immigration and asylum decisions are the responsibility of the Home Office, but this issue is having a really significant impact on many local authorities. I can say in relation to my constituency that it is not an uncommon problem. My team have supported many residents during my three and a half years or so in Parliament who have fallen into that category and for whom it is very difficult for local authorities to find the funding to support, and who, as a consequence of the difficulty of local authorities finding the funding, are living in an extremely dire situation.

As the Local Government Minister, are you looking at the impact this issue is having on local authority finance and therefore making representations to the Home Office? The other thing I would highlight is the issue of embedded immigration officers. The Windrush scandal last year has certainly caused many local authorities, including my own, to review that arrangement, because of the desperate lack of trust that



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there is in the Home Office and the suspicion that gives rise to on the part of their residents. It is not a straightforward system, and it is not a system that is working well.

Rishi Sunak: That is helpful. It is not an issue that gets raised with me a great deal, out of all the issues that local government people of all different walks and types of authority raise. It is not an issue that gets raised with me very often at all, because it is an issue that is more concentrated in a few authorities, like yours, where it may be having a disproportionate impact. Of course, as I am now aware of it and I have been aware of it in preparation for this Committee, it is something I will raise and have already raised with the Home Office.

As we talked about, unaccompanied asylum-seeking children is the other obvious area where policy delivery is the responsibility of the Home Office. They are in charge of the policy. What I can do is make sure local government's view is represented and they are aware of the costs that are happening on the ground as a result of various policy decisions that are being made.

Nadhim Zahawi: All I was going to add to that is the fact that in the Department for Education we have developed a range of interventions to assist local government in helping them process application and us making sure that we prioritise the cases. DfE has also grant-funded the No Recourse to Public Funds Network to develop the triple-pathway planning guidance and resources for social workers and personal advisers who are undertaking the educational element of support normally provided for looked-after children as well. These will enable social workers and personal advisers to prepare unaccompanied asylum-seeking children for all possible outcomes in terms of their future as they turn 18.

Q186 **Helen Hayes:** While those children are in that system—again, this is from my experience as a constituency MP—things happen, like a private landlord evicts a family who are being housed by a local authority's children's services department, and that authority takes the decision at very short notice to move the family from London to Dudley, with appalling outcomes for those children who, in that case, were in a stable school environment. From the point of view of both Departments, is this an issue that needs much more attention in terms of both the impact on local authorities and also the impact on children? I would contend that it is. There need to be stronger representations from your Departments to the Home Office that this is a system that is having adverse outcomes that are not really acceptable.

Nadhim Zahawi: We have those conversations with the Home Office all the time.

Q187 **Helen Hayes:** Turning now to the issue that was raised just a moment ago concerning unaccompanied child asylum seekers, the Home Office currently provides only 50% of the costs of caring for unaccompanied child asylum seekers. The cost burden of this issue falls



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disproportionately on some local authorities. Should central Government not fund all of the costs of caring for these very vulnerable children?

Rishi Sunak: Again, in my understanding of the question and how this is working, there is a Home Office programme that funds what I think is a day rate stratified by age category. There is a June 2016 date imposed where the rates are slightly different, but it is around about £100 per child. There has been a strong amount of representation made to me that that funding does not match the costs of providing the services that are required. I have very much made those points to the Home Office on repeated occasions, and others have raised them in the House as well.

Not to speak for them, but if they were here I think they would say that they are aware and cognisant of the issue. I cannot tell you whether they would agree with the 50% figure or not, but they are aware that there is a cost pressure there and they are actively in the process of reviewing it. I am not sure whether they are planning to formally consult on it, but I know they are actively reviewing the situation.

Q188 **Helen Hayes:** You have made direct representations to them that this is an issue that needs to be addressed.

Rishi Sunak: Yes. It has been raised in the House with me, and I am fairly certain it would have been raised with Home Office officials as well. As I said, I think they are aware. I do not know exactly what they would say if they were here, but I think they said they are aware and cognisant of the issue and they are actively reviewing it.

Q189 **Matt Western:** Councils' spending on statutory children's services has been increasing year on year; that is very evident. According to the LGA, the spend has gone from 9.3% to 9.8% of total spend. Do you think that councils have the power to reduce the spending, or do you think they should expect to be increasing the amount or proportion of their total budget?

Rishi Sunak: It would be almost wrong for me to sit here and make a proclamation to local authorities about how much they should be spending on something or not. I disagree with that approach. I am instinctively a localist. I think local authorities should be making those decisions. They are better placed to make their decisions. Amongst all the Committee members sitting here, just knowing some of the constituencies you represent, there will be very different pressures, and it is right that local authorities respond to those. It would not be appropriate for me to pick a direction of travel.

What is clear is that it has increased over the time, and that reflects the conversation we were having before. Children's care is a statutory service, so it is fair that it gets priority. We, as a Parliament, as a Government, in successive Parliaments have chosen to make certain things statutory requirements, and if we do that then it is not unreasonable to expect local authorities to prioritise those above non-statutory services.



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Nadhim Zahawi: I think you are right. Two-thirds of local authorities are spending more than they budgeted for. We talked earlier about where the demand pressures are coming from. I also mentioned, but it is worth reminding the Committee, that a handful of very complex needs can have a disproportionate impact on budgets. Some local authorities have invested really well, and the outcome is that they manage risk a lot better and reduce the number of looked-after children.

I held a workshop, visited and looked at those models in Leeds, North Yorkshire and Hertfordshire, and I was convinced that their whole-system-change approach is the right one, where you look at early intervention all the way through to No Wrong Door in North Yorkshire, trying to take adolescents or young adults away from gangs, crime and drug abuse. I was convinced that those models are the models that we should be scaling up. We went to the Treasury with that concept: that if the funding is there, we can scale those models to another 20 local authorities. That is the best way you can create real system change. We have £84 million to deliver that over the next five years.

The future projections of spend, which we talked about earlier when Mr Betts was questioning me, is going to be a really important consideration for the spending review. We are working with our colleagues in MHCLG and the Treasury to make sure we have a good handle on that.

Q190 **Matt Western:** Just to be clear, when you are talking about these models you have seen in North Yorkshire, Hertfordshire and Leeds, is that because they are changing the criteria of eligibility?

Nadhim Zahawi: No. They are all slightly different models but they are all delivering good outcomes. It is not just those three local authorities; we have really good examples, in Westminster, Essex and elsewhere, of whole-system innovation where you deliver better outcomes. Ultimately what you want is safety for the child, stability for the child and stability for the family. Wherever possible you try to keep the family together, rather than kneejerk and take the child away. What we saw is different local authorities doing this really well. Going back to what Rishi was saying earlier, the really competent ones do this really well. We want to learn from those and scale it up to another 20 local authorities.

Q191 **Matt Western:** My understanding is that the LGA calculates that there is going to be a funding gap of £2 billion by 2020, and gives a figure of £3.1 billion by 2025. Just to give it a little bit of a local feel, Minister, you will be familiar with the situation in Warwickshire as much I am, where they were facing a gap of £9.8 million, and even with a bit of manoeuvring they got it down to £6.2 million. How on earth are they supposed to fund these programmes?

Nadhim Zahawi: There is no doubt that we recognise that it is a really challenging environment when it comes to funding, given the rising pressures on local government, which we have rehearsed already. One of the reasons that the Chancellor delivered an additional £410 million,



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which is for adult and children's social care, is because of some of that pressure; we want to make sure that we react to that.

The position we and I take is that local government is really best placed to target its spending, and set budgets to meet local needs. Obviously, core funding is nearly all un-ring-fenced, as a result of Government policy, which Rishi referred to earlier, in recent years to end ring-fenced grants and give councils more control over their local income. That is the right strategy. I would not want to change that.

Q192 Matt Western: You would not want it ring-fenced?

Nadhim Zahawi: Local government is best placed to make those spending decisions. It would be wrong for us to assume how to spend that money centrally.

In terms of future funding and the spending review, the LGA has done really excellent work, and I want to commend them for that work. We are working between now and the spending review to get a much sharper and more granular picture of children's social care cost pressures. That is where we are today.

Q193 Matt Western: Can I just give you a quote from Professor Lauren Devine, who told the Committee that whilst [the Social Justice Research Group at the University of the South West of England] agree that funding is a key element to effective delivery of statutory and non-statutory children's social care functions, our findings ... do not support an increase in funding as a panacea to deeper systemic problems. It will not provide a solution to systemic issues which are costly in terms of budget deficits, welfare failures and failures of social justice." Do you agree with that? If so, what systemic changes are needed?

Rishi Sunak: Maybe I have misunderstood the quote, but I broadly agree. I do not think that money is a panacea to most problems, in the sense that the quality of how you use that money and the outcomes you get for it are what we should actually be focusing on. Nadhim alluded to it, and the NAO report highlighted it.

Matt Western: She was proposing, essentially, systemic changes.

Rishi Sunak: The variation in spend is very significant in children's services, more so than you find in other areas of local government spend. I look at it from a 30,000-foot view, looking at all the different services. The NAO report used a range of figures. It looked at spend per child, which, from memory, ranged from £500 at the low-end to £5,000 at the high-end. That is an extraordinarily wide range. The report also found no correlation between spend and quality, measured on a bunch of outcomes.

That is the work that Nadhim is doing in detail, going underneath that and figuring out why it is that two different authorities with similar demographics and levels of funding have very different outcomes, or



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indeed one has more funding than the other and is getting worse outcomes. It is right that we figure that out, before you just say that the answer is to give more money to everyone. We have to figure out how people are using that money. Clearly there are some people who are able to use that money better, because this is a complicated, tricky area to get right. Some people have figured out how to do it better than others, and we should be figuring out how to spread that to everybody.

That is the part where I would say that money is definitely not the panacea, and spreading best practice, in an area where there is clearly a huge variation in practice, is something we should equally be focused on.

Nadhim Zahawi: Money is important, but it is certainly not a panacea. Professor Devine's evidence was really interesting, and I agree, which I hope came across in my earlier comments, that there is a real role for system change through the Innovation Programme. We spoke about the three local authorities I mentioned to you. We saw some real evidence of whole-system change, where local authorities can safely manage demand for the most critical services, whilst obviously unlocking savings. The programme I mentioned to you, with the scale-up of those models to 20 local authorities, actually has a brand attached to it. We are calling it the Strengthening Families programme. That is precisely what I agree with: that whole-system change really does deliver the best possible outcomes.

If you look at a whole system, you take the learnings from things like the Innovation Programme and you ask, "What has worked here? How can we scale it?" We are doing that, going from three to 20 local authorities. Then you have to look at your workforce as well. We also have a workstream to assess and accredit the children's social care workforce, and have launched Social Work England as the regulator for the workforce. If you think of the professions that can intervene in your human rights, that is one profession that does, so that does need to make sure the workforce is accredited, assessed and has representation. That is what Social Work England will do.

Q194 **Liz Twist:** Talking about innovation, the Association of Directors of Children's Services criticised the current children's services funding model, saying that "small, time-limited pots of money to address single issues have become the norm in children's services. This piecemeal approach to funding is unhelpful." Can one-off grant funding ever replace reduced core funding?

Nadhim Zahawi: What I would say on that is one-off grant funding is a small proportion of the overall local government spending on children's services. What it does do is allows us to respond much more flexibly to new and emerging needs and evidence. In a complex organisation, to be able to innovate and flex that organisation is important. That is what this does.

If you look at what we have just talked about, with the Innovation Programme, we have supported a wide range of improvement across the



system and are building and sharing that understanding of what excellent social work really looks like in practice and in systems. We have seen some real change as a result of investing this additional money in what I think is a really targeted and intelligent way. I think we ought to recognise that this is obviously a challenging funding environment. It is worth repeating that point, in particular, for children's services. Our overall position is that local authorities continue to be better placed to target spending and set budgets. Grant funding will never replace core funding. That is how I would describe the reason, which I think is the right thing to do.

- Q195 **Liz Twist:** Would it not be preferable, then, to have local authorities properly resourced to be able to innovate within the work as it progresses, rather than actually applying for pots of money that may be time-limited? Would it not be better to have that innovation develop within the local authority?

Nadhim Zahawi: You do both. There is nothing stopping local authorities from innovating. We have not talked about it yet but we have a very good Partners in Practice model; we partner with the very best local authorities and fund that to help those who are struggling.

Also, having the Innovation Programme is a great catalyst for the centre, being able to say, "That is a really good bit. Let us back that. Let us see what comes out of that. Let us assess the evidence honestly, and if it is really working, let us go back to MHCLG and work with them and the Treasury, to get the money in place to scale up that model". I do not see why that is a bad thing to do.

- Q196 **Liz Twist:** Is that what you will be arguing for, to make sure that there is that additional money to provide those improved and innovative services?

Nadhim Zahawi: I have certainly made it clear that it is a challenging financial environment at the moment, and we will be working very closely together with our Treasury colleagues, for the spending review, because there is clearly high demand from everything we discussed earlier.

- Q197 **Liz Twist:** Are you concerned that over 50% of the money awarded under the innovation fund has gone to just 11 authorities?

Nadhim Zahawi: It is worth unpacking that, because the headline does sound worrying. 117 local authorities have received funding through the Innovation Programme, either directly to a project or as a partner in a project. Over the three rounds of the programme, for example, the Hertfordshire family safeguarding model has been rolled out in Peterborough, Luton, West Berkshire and Bracknell Forest. 95% of local authorities have engaged with the programme, either through being funded to deliver a project, partnering on a project, applying for funding or attending one of our learning events.

As an innovation programme goes, in a complex and large system, this is working really well. People struggle with innovation in the private sector



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as well as the public sector, but from what I see—and I have been in the job for just over a year—this is really one area where I would say to you we are doing the right thing. We are innovating and then scaling. If it is just innovation for innovation's sake, and it all just disappears, I would say we should ask ourselves why we are doing this in the first place. Actually, though, innovation is leading to scale-up, which is where you want to be.

Q198 Liz Twist: 50% is a high proportion to be going to a small number of authorities, when there are 117.

Nadhim Zahawi: Out of 152, 117 is a much bigger number than 50%.

Q199 Liz Twist: But 50% of the money is going to those projects.

Nadhim Zahawi: My point is that those have benefited many, many other local authorities. That is why the 117 figure is the right one to look at, rather than just the 50% figure.

Q200 Liz Twist: Could you give us any examples of that? You have just mentioned one authority. Could you tell us where it has been possible to replicate and spread those projects from those 11 authorities?

Nadhim Zahawi: Absolutely. We looked not just at Hertfordshire; we looked at the Leeds model, which was really quite clever. They started off at a very senior level, at chief executive level, to say that Leeds would be a child-friendly city. What does that really mean? Does it mean just having nice parks for children to play in?

Rishi Sunak: They have a children's mayor.

Nadhim Zahawi: Exactly right. They said, "No. Every part of our decision-making is going to put the child at the heart of it". From that stemmed a whole-system change in how they deliver children's social care.

In North Yorkshire, with No Wrong Door, they looked at what happens to adolescents and put a multi-agency support programme around these adolescents. It is a really smart programme. The way that the director of children's services described it to me is, for example, to stop these kids being recruited into gangs or sexually exploited, what they did is they made them like a hot potato. That child is tracked by so many individuals who have an interest to make sure that young person is protected, so that the criminal fraternity would not go anywhere near them. Every time that child was somehow attracted to anything, the criminals would run a mile because of the level of protection around that child.

There is some really clever innovation taking place, and we took those three models, went to the Treasury and said, "Give us the money to scale this to 20 other local authorities". Local authorities can look at which model best works for their area, from the three models, and I hope I will be back here before your Committee to say to you that we have 20 more



that have delivered whole-system change, and that it is working really well where they are holding the risk and delivering better outcomes for children, and lowering the number of children in care.

Q201 Liz Twist: Can I ask about the Troubled Families programme, which is causing quite a bit of concern at the moment? It is due to end quite soon. Can either of you give us a guarantee that a similar amount of funding will continue to be available for local government to work with families, even if the programme takes a different form?

Rishi Sunak: I do not think anyone other than the Chancellor can give anyone any guarantees about what will happen after this current spending review ends. Maybe ask him at the spring statement, but it is difficult for any of us to sit here and know what will happen afterwards.

What the Secretary of State has said is that he is very keen to have a successor programme to Troubled Families. You are right that the current iteration of the programme ends this coming financial year. We are very shortly about to release the third annual report, and together with that we will be releasing a bulk of evaluation data that I have been very keen to do and do very rigorously. We will get that out into the public domain, so that all parliamentarians and generally all people can start looking at this and take a view as to how well the programme is doing and, if it needs to be iterated, what that should look like, so that, going into the spending review, I, the Department and other interested stakeholders can make a strong case for something like the Troubled Families programme continuing.

We talked before about the role of early intervention. It is difficult, in complex social policy like this, to accurately identify what intervention has led to what positive outcome. That is something I was keen to try to do, because I want to make a strong case to the Treasury. I cannot do that unless I can say a pound spent here is going to save us a pound something down the line, and also, obviously, is going to transform these very vulnerable children's lives.

The good news is that, from the analysis we have done, one of the most promising areas in the Troubled Families programme is reducing the number of children who end up in care—children in need. That is probably one of the most statistically significant statistics that you will see in the next few weeks when this data comes out. That is very positive. There are also other positive outcomes, whether it is interaction with the criminal justice system, or benefits and worklessness.

In combination, it seems like a programme that is doing very well. I spend a lot of my time on the ground, meeting families. I was doing this just last week in Norfolk, meeting families that have benefited from this programme, speaking to their key workers. It is very enlightening and uplifting to have these conversations with them. Clearly having someone involved in their life—this key worker approach centred around their whole family—makes an enormous difference. It makes an enormous



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difference to people who are going through a very difficult time, and it helps them just get back on the path to having the confidence to go on and deal with whatever challenges come their way in the future without that level of support.

I am personally very keen to see something like the Troubled Families programme continue. What are the elements of it that I think are interesting? It is one of the few programmes in social policy that has a payment-by-results set up. There is some element of block grant, and combined with that there are various attachment fees and performance fees. That is relatively novel. It has not been done on this scale. People rightly should debate whether that model works or not. I tend to think it does. When you talk to anyone in a local authority, it does change the culture around how people approach social policy and makes it more outcome-focused, which I think is a good thing.

Clearly the emphasis on whole-family working has been very, very positive. It has been unambiguously positive. The key worker approach has been unambiguously positive. At the moment there is an interesting conversation to be had around whether more of the support should be targeted at the very early stage of young children's lives, from conception to two years old. It is something that the Leader of the House, Andrea Leadsom, has formed a ministerial group and a taskforce on, which both of us sit on. She is someone who has a passion for that area. It is something that others, including the Science and Technology Committee, have talked about as well. There is good research to show that those first crucial couple of years are vital in a baby or child's development, for all the various things that might happen down the line.

Those are all the kinds of things that we should all be looking at once the data is released, and then based on that we can start to put together a package, working obviously very closely together, for what we think would come after Troubled Families. Very clearly, the name needs to change. Out of 150 local authorities, there might actually only be two that actually call it the Troubled Families programme on the ground, for very obvious reasons. That is an easy change.

The last thing I would say is that I hear universally from local authorities that they think it is a good thing. You have probably had evidence from the Children's Commissioner as well. Anyone involved in the space would tell you that this programme is good, it has made a real difference, they think it is valuable, and in one form or another it should be extended. I am hopeful that we, with the publication of the data in the next couple of weeks, can start to build a stronger case for that.

Nadhim Zahawi: As Rishi said, we will review the programme's impact on families. When I asked the three local authorities where the Strengthening Families programme is coming from—North Yorkshire, Leeds and Hertfordshire—about their Troubled Families programme, they all confirmed that it certainly forms a pillar of their whole-system change,



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in terms of resource, which allows them to flex. Rishi is right that the name is troublesome. They flex that resource to be able to deliver what we now see as best of breed that we are trying to scale up.

Rishi Sunak: That is an interesting point. Ms Twist, you mentioned in your conversation with Nadhim around pots of money versus general money, and we talked previously about system change. This is an interesting example where a relatively small amount of funding in the overall scheme of what councils spend on these types of things, because it is structured in a particular way, has without doubt meant that local authorities change their entire approach to doing things. Even though they are only being paid a small amount to do something differently, it has made them wake up to the idea that is just a better way of doing things, and then they change their entire approach. They bring all the different pieces together.

Q202 **Liz Twist:** Of course, the Troubled Families programme is available to all local authorities.

Rishi Sunak: Yes, it is, but the payments only come if you are successful at them. Though you do not have to bid, you have to be able to demonstrate that it is working in your area; otherwise, you do not get paid the money.

Q203 **Liz Twist:** Ministers, you both sound very enthusiastic about it. It sounds like we can count on you making a really strong case to the Treasury to continue the funding.

Rishi Sunak: You can certainly count on that. I have been very keen to publish some of the data relatively soon. As I said, hopefully imminently, in the next couple of weeks, you should have all that. I would encourage all parliamentarians, also, to talk about it more as well. It is a programme that I spend a lot of my time with every week. It is not something I hear about at enormous length in Parliament, but I think it is a programme that is doing wonders on the ground. I am hopeful that, with a bit more attention on it, that would be helpful for me making my case.

Q204 **Kevin Hollinrake:** Just looking at the more strategic level of financing, Minister, you referenced North Yorkshire as a centre of excellence, which is obviously a place very close to my heart. North Yorkshire, as you will know, has an £11 million overspend on children's services. If we are moving towards a world where local government funding is locally raised—business rates and council tax, principally—what correlation is there going to be between this increased amount of children's services, with other demands on adult social care as well, and the amount of moneys available? How is that going to work?

Rishi Sunak: Overall, the system is one where the right ambition is that local government is funded through local government raising resources, and that gives local government more control over its own destiny. That is something that local government itself has asked for. It is fair to say that that does not mean it should be totally divorced from need, which is



why, when it comes to funding local government, there needs to be a period of resetting the redistributive mechanism, in terms of how you divvy up that pie. There is a direct trade-off, as we discussed when I first appeared before you, talking about the design of the business rates retention system; I think I had been in the job for a couple of weeks. There is clearly a direct trade-off between rewarding and incentivising local authorities that create growth in their area—they get to keep that growth—and that diverging from need in other places, so at some periodic time you need to reset the system to take account of those changes.

Those things can be dealt with within a system design context. Your broader question is whether 75% of business rates will be enough to fund local government, not just children's services but all the various things it needs to do. That is a question for the spending review and when we have arguments about the quantum of local government spending. There are lots of different ways you can do something differently. You can obviously change the percentage of retention. You can have top-up grants in particular areas, if other problems come down the line. There are a variety of ways to square that circle, but the quantum question is one for the spending review.

Q205 **Kevin Hollinrake:** You would expect, though, that the quantum you could deliver through business rates retention and other mechanisms does not necessarily correlate to demand, whether it be children's services or other demand pressures on local authorities.

Rishi Sunak: It might not in any particular area, for sure. In aggregate, one has to imagine that local government is funded from tax revenues in general, so, in general, council tax and business rates are part of central Government's tax-raising powers. The pot is the same. The money to fund local government has to come from taxes. Making it clearer that it comes from these taxes is good for local government, because it gives it more ability to say to central Government, "Hang on. This is our money that is coming from us. We are more in charge of it", which I think is a good thing because it gives them more autonomy to try to drive that growth up, if they so choose.

However, I take your point. That is why one has to have an overall view of quantum, not just at the outset but periodically reviewed, I would imagine, in every spending review period. I am sure if the Treasury thought that local government was overfunded at 75% of business rates, they would be trying to make the opposite case to the one that you are making now.

Chair: We will probably come back to that issue in our inquiry into local government finance, which we have just launched as well. We will probably see you again then.

Rishi Sunak: I will be seeing you shortly for that.



Q206 **Matt Western:** Just briefly, Minister, you were saying about the one-off grant funding being a very small percentage. This was in respect to my colleague's question. Just out of interest, can you give us a percentage of what it is—the grant funding as a proportion of total children's services spend?

Rishi Sunak: I will give you my perspective, then maybe Nadhim can come in with the details. Core spending power, which you will all be very familiar with, is the general metric we use to look at aggregate financial resources of local authorities, which is core. That includes some specific grants for adult services, but that is primarily it. That is about £45 billion, give or take. Roughly, depending on you define it exactly, the spend on children's services is just over £9 billion. Of that £9 billion, in terms of the innovation funding and the individual grants on the things that Nadhim says, I would imagine that is tens of millions per year.

Nadhim Zahawi: The Innovation Programme is £200 million.

Q207 **Andrew Lewer:** I remember as a county council leader the first thing I did with the Troubled Families programme was to change the name, so that is interesting.

Rishi Sunak: What did you call it?

Andrew Lewer: Was it Challenging Families? It was something a bit more encouraging.

We have talked about spending-per-head levels already, and whether X or Y authority is spending enough on children's services. I will move on from those numbers to specific numbers of looked-after children. The NAO report that we have referenced already said that the number of looked-after children per 10,000 children varies within local authorities from 23 to 185. Are you concerned that local interpretations of those authorities' statutory duties are leading to them having different thresholds for their interventions?

Nadhim Zahawi: The Children Act 1989, which you will be familiar with, is clear that where a child is at risk of or suffering significant harm, all local authorities must undertake the same decisive action to protect them. However—and this is important, and you will be familiar with this—the Government do not set a threshold for the level or need or risk of harm requiring social care support. Local authorities, rightly in my view, are best placed to identify and make the assessment and respond to local priorities, setting the criteria for assessing services that then reflect the needs of children in their area.

Thresholds play an important part in allowing local authorities to do their work. Whether thresholds are set appropriately and are well understood is scrutinised by Ofsted as part of the inspection, and that is factored into their independent judgment on the quality of local services. Yvette Stanley, before your own Committee, said in the main local authorities are pitching their threshold decision-making correctly. The Chief Social



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Worker, Isabelle Trowler, has recently done some in-depth work; she did a study that found that the vast majority of decisions to initiate care proceedings were reasonable although not always necessary. That was the point she made to me.

This, combined with the sector-led care crisis review, which was an important piece of work, found that much of the variation across local areas is driven by local authorities, as well as judicial behaviour and the attitude of the judiciary. Of course, most importantly, as we talked about earlier it is that level of confidence. Local authorities that have the confidence to hold the risk and hold it responsibly do well and are getting better outcomes.

I went to Bexley, which has had a fantastic turnaround in two years, from being a failure to a good authority, and when I talked to the director of children's services there, she took me through and I saw directly, first hand, how they hold cases and what they do. They have delivered much better outcomes and lowered the number of children in care.

Q208 Andrew Lewer: Essentially it is a choice between a postcode-lottery concept or a discretion-to-local-leadership concept, and it sounds like you are pitching towards the latter in terms of discrepancy.

Nadhim Zahawi: I would not frame it in that way. I would say to you that the system we have in place, which allows for local discretion, local accountability and a really rigorous inspection regime, is the right one.

Q209 Andrew Lewer: In order for you to be happy, with national responsibilities, for there to be local discretion and local innovation, you have to have the statistics and the figures.

Nadhim Zahawi: Where local authorities fail, we can then intervene; there is a wide range of interventions

Q210 Andrew Lewer: Yes. I am very familiar with that concept, just at the moment. There is, however, not as much transparency over reasoning as to why children are being taken into care or put up for adoption as we would like. Would you feel happier and more confident if there was more information, or do you feel the level of information you have at a national level is adequate at the moment?

Nadhim Zahawi: It is what I said earlier. One of the things I have been able to get agreement on—and we are now very pleased and are thankful to all directors of children's services in all regions, because we have now agreed a memorandum of understanding that everybody has signed up to—is that we share the same dataset and are all looking at the same data. Data is not the panacea, as we discussed earlier, in terms of funding, but what data does—maybe I am bit of a geek about this, because I come from a data background—is it allows us to ask the difficult questions.



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If you are going to see a spike in a particular local authority, you can actually then ask, "What is happening here?" Nine times out of 10 there is a good explanation for what is going on and the actions being taken. If there is a problem, though, data will begin to expose it. That is why I wanted this. Actually, the sector has responded really positively, because it is not about us simply beating them with a stick. That is not where I want to be, nor does anyone in the Department. We want all local authorities to be doing well in children's social care, but the only way we are going to get there is if we are all on the same page.

Q211 Mary Robinson: Minister, a market operates well when it balances supply and demand, but we have heard that the cost of foster and residential care has been increasing rapidly, as demand outstrips supply. What can individual local authorities do about this?

Nadhim Zahawi: We are investing part of the £200 million Children's Social Care Innovation Programme in projects in London where demand for placement outstrips supply, to your point. What we are trying to do is increase councils' capacity, so that fewer children are placed far away from home, which has come up regularly at Education Questions. A lack of sufficient placements to meet young people's need can lead to children, obviously, being placed further away. It is always worth remembering, with gang and knife crime being quite a high-profile issue in the last few weeks, sometimes you have to take a child away from an area for their own safety, but also to take them away from a particular gang to another area. We are looking at increasing capacity in the system as well.

Rishi Sunak: If I could add, at a high level, clearly the cost of foster care is considerably less than that of residential care. It is probably half: £20,000 versus £50,000 on average per year. That said, intuitively it feels better. In most cases, you would think a child would be better off inside a family environment than elsewhere.

I ask local authorities all the time, when I talk to them about fostering. When I first met Essex County Council, which is very good at children's services, they talked to me about it. There is something I pick up anecdotally from people. They share your view, or the question's view, that we have stagnated a bit on increasing the number of foster carers. What can we do to increase that? Anecdotally what I pick up is that those who do it well would say that you need to involve foster families themselves in the recruitment process, which does not actually happen, so that they can tell the story; they tell it better, generally, than officials would. You need, from a local authority perspective, to think about perhaps working on a slightly larger scale than just your local authority. It is the kind of thing where, if you work on a larger scale and invest more in the recruitment and how you do it, it might benefit you.

Lastly, it is about the local authority itself having a culture of appreciating them. That seems obvious, but there is clearly some variation on that. That is from my level, and not the level of detail that Nadhim would have



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on this question, but when I talk to people those are the kinds of thing I pick up that we could focus on to help drive up the numbers.

Q212 Mary Robinson: We have heard that there has been stagnation in the foster care market, but also that local authorities are bidding against each other to secure places. Is there a different strategy needed—perhaps a national, collaborative approach—in the children’s care market?

Nadhim Zahawi: One of the things that has worked well, not on the fostering side but on the adoption side, is regional adoption agencies, which I think goes back to Rishi’s point about taking a bigger geography and having that collaboration, working together. I had Mark Owers and Sir Martin Narey do a report on the fostering sector for me. We are looking at their recommendations and going through those, to see how we can improve the system overall, and, as you say, take out both duplication and this competition. We have a number of responses to that report. On the whole, the foster care system is working; it can improve further. One of the shortages is in foster carers who are able to deal with complex needs of children. We are looking at all these areas.

Q213 Mary Robinson: We have also heard that there may be as many as 125 more residential homes needed. Do you recognise that, and what can be done to address it?

Nadhim Zahawi: This is one of the things that I am looking at, and we are shortly going to commission an independent piece of work into the unit cost of residential care placements, to better understand this, as well as what might be driving variation in costs across the country. We are also considering whether there is merit in exploring models of increased market oversight, which already exist in the adult social care market. The work we are doing will support local authorities to group their commissioning practice, because this is clearly an area where costs are rising.

Q214 Mary Robinson: Do you think private care providers offer good value for money?

Nadhim Zahawi: They play an important role in ensuring that there is a range of placements. Ofsted inspections have found that children’s homes operated by private companies are operating efficiently with something like 80% of privately-run children’s homes rated “good” or better in 2018.

Rishi Sunak: It is 84%.

Nadhim Zahawi: In the same year, 96% of independent fostering agencies were judged to be “good” or better. As I said, it is important that we make sure the market is working properly from a commissioning point of view, because most of the evidence that I see is that the commissioning tends to happen at lastminute.com, and that creates some difficulties in terms of delivering value for money.



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Q215 **Mary Robinson:** So more will be done from the supply point of view as well.

Nadhim Zahawi: I am looking at the whole system to make sure that the market is operating as efficiently as we can make it.

Q216 **Mary Robinson:** Academy chains and free schools are charitable, which is good. They are not allowed to make profit, yet organisations that care for some of the most vulnerable children in society are able to make profits. What is the reason behind the different approach that we take to profit in schools and children's services?

Nadhim Zahawi: Rather than commenting about the schools system, because I am not a schools Minister, what I would say to you in this area is that the overall provision and the range of provision is important. You need a portfolio of provision.

Rishi Sunak: We need a mixed economy.

Nadhim Zahawi: If we attack the private sector, then the unintended consequences of that could be far worse. Let us remember who we are doing this for. These kids need the best possible outcomes that we can deliver. My advice to my colleagues and my officials when I first got the job was, "If you are ever going to tinker in a complex system, just be careful what you wish for when you come out the other end. You had better be sure of what you are doing". I would say to you that there is an important role to play for the independent sector in this area.

Rishi Sunak: The other thing to say, Ms Robinson, is that I think the decision as to why there are different treatments of those two sectors predates our time as Ministers. We are where we are now, so given that private provision makes up a significant percentage of the overall provision—Nadhim will tell me the exact percentage—if you were going to move to a system where that was not possible, you would have to have a very safe view about what would happen to supply in what is, as you have already talked about, a supply-constrained environment. We are starting from where we are at this point.

Q217 **Chair:** Do you accept, irrespective of who is supplying the places in children's homes, that there is a problem? We have heard examples of children who are placed, in the end, not because that is where they would be best placed but because it is the only place for them, often at very high cost to the local authority. Does the system not need to change to deal with that sort of issue?

Nadhim Zahawi: I tried to address that earlier on; maybe I did not do a good enough job if it. With part of the Innovation Programme, the £200 million, we are looking to increase capacity in London boroughs, where some of that pressure that you have quite rightly identified—

Q218 **Chair:** It is not just London. It probably is London, but it is not just London.



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Nadhim Zahawi: It tends to be London boroughs that are having to place outside of their boroughs to other areas. I see Mr Blackman nodding. We are addressing that capacity issue as part of the Innovation Programme. I think that is the right thing to do, but you are quite right to say that this is the key problem; it is about making sure the capacity is in place so that they do not need to place just because it is the only option available to them.

Q219 **Helen Hayes:** Just on exactly that point, you referenced earlier, Minister, a very concerning increase in knife crime and the need that that generates quite often to move children out of borough for their own safety. That issue is rising; it is high in London and it has been rising in London, but it has been rising much more rapidly in other areas of the country. In Kent, for example, it is 150%. I wonder whether you are talking to those local authorities that are experiencing that particular increase at the moment—Birmingham and so on—with a view to increasing resources to support them in keeping those children safe.

Nadhim Zahawi: We are. We are talking not just to London authorities.

Q220 **Lucy Allan:** I would like to move on to talk about the workforce and the pressures that are being created by increasing demand. We are hearing about vacancy rates increasing significantly, with a reliance on locums and agency workers, burnout, turnover of staff, caseloads skyrocketing and lack of experienced staff. Minister, we heard from the Institute for Government that this is all because we are asking social workers to square the circle of the increasing demand and pressures by expecting them “to do more”. I wondered if you would agree with the Institute for Government that that is why we are having these issues with retention and recruitment.

Nadhim Zahawi: This is a really important question, because, wherever I have been, where I have seen local authorities go from failure to success, it is the workforce. Leadership is very much part of that, both political and the officers, but actually good leaders then deliver a work environment that is vital to make sure that they build a successful, well-motivated workforce, whether through the offer of support and supervision, opportunities for development, management, manageable workloads or positive organisational culture. All of these things will ensure that social workers want to work and to stay.

Q221 **Lucy Allan:** Do you accept, Minister, that the problem at the moment is that we are not delivering that?

Nadhim Zahawi: The good local authorities are delivering that. Look at Bromley, Bexley, Leeds or North Yorkshire. Agency workers have a role to play in the system, and they are important, but when you have a workforce that becomes 70% or 80% agency, it is problematic. Those local authorities and those leaders who address and reverse that pattern tend to do well, the service begins to improve and they get to good outcomes.



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It is really worthwhile that we invest in the workforce, which is why we are doing the accreditation and assessment programme and why we have launched Social Work England, so that the workforce feels that they have a voice. There has been an increase in the number of full-time equivalent children's and family social workers last year, compared to 2017.

Q222 Lucy Allan: One in six jobs are vacant at present.

Nadhim Zahawi: You are not wrong, which is why I have brought in 1,700 more talented individuals who would not necessarily have considered social work as a career path and who have come into the sector. I have met some of them. They are really excellent. We have a programme called Step Up, which allows social workers to develop and take on more senior roles and leadership roles in the workforce. It is absolutely critical that we get this right.

What good leadership is about is making sure you have a really well-motivated workforce that actually wants to get up in the morning and go to work. Part of that is making sure that the culture is one of support and not one of blame, one where you carry the risk together and there is transparency. In all the boroughs I have been to, the one common denominator is that leadership and that motivated workforce, which then leads to permanence. You increase the permanence. Once you get to a majority of your staff as permanent staff, then you see real turnaround.

Needless to say, I ought to repeat that actually agency staff are important, because they do fill an important gap in the system.

Q223 Lucy Allan: You make some really important points, and I have heard you make these points about leadership before. Quite clearly, though, if you are a social worker like my niece is, you have a huge caseload, you have a lack of experience and you have a lot of people around you coming and going. Are you worried about the impact of all of that on the care that is being delivered to our most vulnerable children? Is that something that concerns you?

Nadhim Zahawi: Absolutely, which is why, when Ofsted inspect a local authority, they will look at caseload and at the support that is there. As I said to you, the highest performing local authorities are the ones that look at how they support their frontline, making sure the frontline is motivated to deliver the best outcomes. All this works together. I had examples of where Leeds was supporting Kirklees. When Kirklees started having problems, what they did was they threw more money at it by bringing in more temporary staff. It actually did not fix the problem. What they needed to do was just step back and say, "Hold on a second. Where is this increase coming from? How do we make sure that the frontline is supported sufficiently to be motivated to deliver?"

This is really hard stuff. You know this, Lucy, better than most people. I have shadowed social workers, and I am very fond of reminding colleagues here in Parliament that we all have, in our surgeries on a



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Friday, maybe one or two cases every month or two of family breakdown where children are involved. By the time we have finished that 15 minutes or half an hour with that family, you can hardly breathe, let alone think about how you are going to help them as a Member of Parliament. Social workers are doing this day in, day out, and they need that support, which is why I keep going back to leadership. You have heard me say this and I will continue saying it: leadership is so important to this, including the political leadership. This goes back to Rishi's side of the house. You have to make sure that your local councillor, the lead on children's social care, is able to make the argument as to why this stuff is so important in local government.

Q224 Lucy Allan: On a specific point, in terms of recruitment and retention, do you think that there should be a national co-ordinated approach to it? We hear of local councils outbidding each other to pay retention payments. It is a system that is suddenly becoming rather unmanageable.

Nadhim Zahawi: We do. As I say, we support frontline to bring people in who will find a career path as a social worker to be motivating. They then hopefully bring their talents—they may be from outside the sector—into the sector. We have a big initiative and programme to make sure we bring talent into the sector, Step Up to Social Work. We have an initiative to develop talent in the sector, going back to the accreditation and assessment side, and develop the leadership talent as well. We are working with the LGA on the leadership talent piece.

Q225 Lucy Allan: Just quickly, in terms of the administrative burdens that social workers face, is there something more we can be doing to reduce that, so they can be providing this one-on-one interaction and building relationships with children, rather than sitting behind a desk ticking various boxes? How have you dealt with that in the last year?

Nadhim Zahawi: You have hit the nail on the head there. I have seen some really good work and really good practice in local authorities, who have employed support staff to reduce the administrative tasks. It frees up the social worker to do social work, and the feedback is that this has really enabled the workforce to focus on what they need to do, supporting children and their families.

We have talked about Hertfordshire a lot today. They introduced a family safeguarding team, which includes a business support officer in each team, along with a children's social worker, a substance misuse and mental health worker and a domestic abuse specialist. I would absolutely encourage other local authorities to look at that model. Caseloads have fallen slightly, to an average of about 17 per full-time equivalent social worker.

We have to make sure that the burden is manageable as part of making sure that LAs actually end up in a good place, where they are delivering for those children.



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Q226 **Bob Blackman:** Following on, really, from Lucy's question, Minister, you have obviously followed the evidence that has been presented to us, and Dr Miriam Silver made the comment, "The most complicated kids we have are effectively being looked after by the least trained and least supported workforce". What is your reaction to that?

Nadhim Zahawi: There are mandatory qualifications for those working in care roles. Registered managers must keep a record of training completed by employees and their ongoing training needs. Children's homes must ensure their staff are equipped with the skills and knowledge needed to provide that quality care. The assessment and accreditation process I have been talking about for social workers is also an important part of that workforce development.

Q227 **Bob Blackman:** Essentially, what Dr Silver is pointing at is the most difficult cases to deal with are being dealt with by the least qualified and the least well paid. In other words, they really have their hands full, and that does not seem fair or right, does it?

Nadhim Zahawi: In terms of social workers, I think the improvements we are making—

Q228 **Bob Blackman:** I am not necessarily talking about social workers. I am talking about care providers.

Nadhim Zahawi: If you are talking about care providers, Ofsted is also part of the system here in terms of making sure that they hold the registered managers of those care providers to account. We are looking to go further. We are considering the recommendations made by the Independent Inquiry into Child Sexual Abuse, for example, on establishing a professional registration for people in care roles in children's homes as well.

Q229 **Bob Blackman:** Do you think there is a case, then, for people providing care—I am not talking about the social workers, though they clearly do need this—to be better remunerated and better trained, be they foster carers or be they people in care homes?

Nadhim Zahawi: I would not want to see any foster carer be out of pocket, but you do not go into foster care for the money.

Q230 **Bob Blackman:** No, that is absolutely right, but—and I think this will be true right across the country, and certainly in London—there is an extreme reluctance behind foster carers to offer themselves up now. One of the barriers is the cost to them of providing the care.

Nadhim Zahawi: My view is that no foster carer should be out of pocket.

Q231 **Bob Blackman:** What are the Government doing, then, to examine what the true costs are of providing care?

Nadhim Zahawi: We looked at this as part of the Narey review into foster care, and actually Sir Martin Narey and Mark Owers did not feel that actually the cost element of this was the issue that we needed to



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focus on. I prefer to call them foster parents, because actually when you talk to children in care and ask them to describe them, they say, "That is my second mum", or, "My foster mum". That is how we should be treating them. We should be listening to them more.

If you look at where the foster carer sits in the ecosystem, we need to be listening to them more because they are the ones that understand that child probably better than any of us who are trying to help that child. They should be able to hug the child. It is these sorts of issue that they come back to me with: "If I become a foster carer, are there lots of legal issues that will prevent me from behaving like a parent would behave with that child?"

- Q232 **Bob Blackman:** I come back to this central issue. In terms of young children with the highest needs, foster carers will say, "I do not want to deal with that. I will deal with someone that does not have those high needs". The young children who are most in need of the hugs and the care are actually the ones who are the most difficult to place, and often you do not end up with people having their costs covered and therefore they are reluctant to do it. Is there not a case for better remuneration for people who do that?

Nadhim Zahawi: The way I would answer your question is to say that no foster carer should be out of pocket. We have to make sure that that does not happen, because you do not want them to be reluctant, as you put it, to do the work with a complex-needs child.

There are other support initiatives that are working well. There is a programme called Mockingbird, which that has come over from America. The concept is that it takes a village to raise a child, so you have a foster parent hub, who are experienced foster parents who would require two additional bedrooms in their home. They would recruit a constellation of six other parents, and between them they form that family that looks after those children. Some of those children with those complex needs need that, but foster parents also need the respite sometimes. They have someone to ring up and say, "I am having a problem. Can I send this child over to you for a day or two, just so that we can work on this together?" It is working really well, and we are looking at how we can expand that further.

- Q233 **Bob Blackman:** Good. Just moving on, then, to innovation issues, the Association of Directors of Children's Services, in their evidence to the Committee, said that, "Good children's services require a relentless focus on getting the basics right; constant demands to innovate are a distraction from the core business." Given that you were talking earlier on in your evidence about innovation, what is your reaction to that view from a central body providing the care?

Nadhim Zahawi: I would say that innovation is not just a nice-to-have. It really delivers real, sustained results. It is often about finding new ways of working, which, I hope you agree with me, are the right things to



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spread and scale. That is not always comfortable. Let us think of our own experiences in life. We all talk about innovation. I came, before entering Parliament, from a digital background, yet when I wake up in the morning I still want to do the same thing I do every single day and have done for the last 30 years. If you come to me and say, "Actually, Nadhim, I want you to change the way you are working this morning", I would feel very uncomfortable unless you gave me a really good reason why you wanted me to change in the first place.

I actually think innovation is beginning to enable local authorities to develop. We have heard earlier from Rishi, the Troubled Families programme, albeit a relatively small amount of money, has actually changed behaviour in how we deliver local government. That can only be a good thing.

Innovation for innovation's sake is no good. You have to believe in this stuff and believe it is going to make a difference. The only way you can do that is if you demonstrate to people, "Look at what we did in terms of innovation, and look at how we scaled it. It is working more than just that tiny example". You have to give them reason to believe. That is what I think is incumbent on us.

Q234 Bob Blackman: What initiatives funded by the innovation fund are going to be rolled out generally and available further than the pilots that took place?

Nadhim Zahawi: The Strengthening Families programme, which I talked about, where we are taking the Leeds model, the North Yorkshire model and the Hertfordshire model and we are going to scale it to 20 other local authorities.

Q235 Bob Blackman: Who is funding that?

Nadhim Zahawi: £84 million from the Treasury over five years.

Q236 Bob Blackman: Are there any other proposals?

Nadhim Zahawi: We are looking at other proposals. I do not want to make announcements live at your Committee, but we are looking at other proposals.

Q237 Bob Blackman: In what timeframe can we expect those announcements to be made?

Nadhim Zahawi: Mr Blackman, you are a hard taskmaster, sir. I will do my best to come back. There are lots of really exciting things.

Q238 Bob Blackman: There may be lots of exciting things to happen. We are going to produce a very exciting report, in which, of course, we could make recommendations that you could endorse and roll out for us, which would be nice.

Nadhim Zahawi: I shall look forward to reading it cover to cover and responding.



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Q239 **Chair:** Just in terms of residential homes, do you think it is reasonable that people are asked to work with really challenging children for the same money they can get on a supermarket checkout?

Nadhim Zahawi: It is important that we get the funding right, which is why we are working together to make sure that we understand where the pressures are and to put our best foot forward at the spending review. You raise an important point. In the overall mix of what the funding looks like, what I cannot do is sit here and commit to you that the funding model will change in residential care homes, although in the ones I visited, whatever the remuneration is, the men and women delivering that work are brilliant, passionate people, and certainly the ones I met will not be doing it just for the remuneration.

Q240 **Chair:** No, but worthy of probably more than the minimum wage.

Nadhim Zahawi: They are worthy of all of our thanks, and they are brilliant human beings.

Chair: Okay. I did not quite get out of you a commitment that they should be paid more.

Q241 **Bob Blackman:** Can I just follow up? One of the consequences of George Osborne introducing the living wage, particularly in the care sector, has been precisely this. People have been paid more money, which is good news, but the consequence then is that people are saying, "We are paying out more money for the salaries and the wages of these people who are doing this excellent work. Where is the money coming from, from the Government, to support those wages, to enable us to do it?" It has not followed, has it?

Nadhim Zahawi: I think local authorities have increased their spending on children's social care, so the money has followed.

Rishi Sunak: That is one piece of a broader funding question. We will have that conversation at spending review, but you make an absolutely fair point. As we have heard earlier today, if Government of any stripe, or Parliament, are going to put regulations on businesses or the public sector, if it they are going to mandate higher wages, those things have a cost. We should all be cognisant of that. I do not disagree with that at all.

Chair: Ministers, thank you very both much for coming and answering our questions this afternoon.