



Llywodraeth Cymru
Welsh Government

RESEARCH, DOCUMENT

Eliminating profit from the care of looked after children: Delphi study (summary)

The study explores expert opinion on potential benefits and adverse consequences of eliminating private profit from the care of looked after children in Wales.

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Research aims and methodology

In 2024, the Welsh Government introduced the **Health and Social Care (Wales) Bill** to address the dominance and potential impacts of for-profit children's residential and foster care provision. This came as a result of the (then) Cooperation agreement between the Welsh Government and Plaid Cymru, which included a commitment to eliminate profit from the care of children looked after, owing to concerns about the impact of profit-driven motives on service provision and outcomes. As part of the commitment, new providers seeking to register with Care Inspectorate Wales will have to demonstrate not-for-profit status from 1 April 2026, with existing for-profit providers needing to transition by 1 April 2027.

This commitment aligns with the broader vision of seeking whole system change for children's services to develop services that are locally based, locally designed and locally accountable while promoting social justice, equity and improved outcomes for vulnerable children across Wales. The overall programme intends to ensure greater emphasis on what is needed to meet the needs of children looked after as opposed to what may be the most profitable. These legislative reforms necessitate robust evidence on the benefits and consequences of not-for-profit residential and foster care provision.

Alma Economics have been commissioned by the Welsh Government to explore the potential benefits and adverse consequences associated with eliminating private profit from the care of looked after children in Wales. The Delphi research method was employed to draw together the views of experts to assess the extent to which eliminating private profit from the care of looked after children would impact the care these children receive and their subsequent outcomes. The research objectives were to: i) understand the potential impacts of the commitment, particularly identifying how any unintended negative impacts might be mitigated against and positive aspects be secured; and ii) assess how, as part of the wider transformation of children's social care, well-being outcomes

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for children and young people might be affected.

In addition, considering the limited research on the quality of children's social care provision by provider business type, the study also investigated the impacts of for-profit provision in children's social care, particularly with regards to i) children's residential services and foster care services, and ii) well-being outcomes for looked after children and young people.

Through a structured process including two rounds of questionnaires and a final stage of focus groups, the Delphi methodology achieved consensus on the current impacts of for-profit provision in children's social care, as well as the potential impacts of the commitment on children's residential and foster care services along with strategies to address both positive and negative impacts. It also assessed how well-being outcomes might be affected as part of the wider transformation of children's social care. Furthermore, the study highlighted different opinions, offering a comprehensive view of the complexities involved where no consensus was achieved. Experts' participation remained anonymous, allowing them to express their opinions freely and understand different perspectives, as such facilitating consensus development.

The Delphi methodological approach included 4 consecutive phases.

Phase 1

Desk-based review to inform the design of the Delphi study, alongside a multi-pronged strategy to recruit experts.

Phase 2

Design, dissemination, and thematic analysis of the first round of the online Delphi questionnaire (Questionnaire 1). Open-ended questions facilitated the

gathering of diverse opinions on each area of enquiry from individuals with varied professional backgrounds and expertise, prompted to reflect on the latter to answer the questions.

Phase 3

Design of a second round of the Delphi questionnaire (Questionnaire 2) based on the results of thematic analysis from Phase 2. Upon dissemination, experts were invited to review and rate their agreement to a series of statements that outlined the most significant impacts and strategies identified among the responses to Questionnaire 1. Results from Questionnaire 2 determined the areas of consensus and the areas lacking consensus. In line with the Delphi study protocol, consensus was deemed reached when a suggestion from Questionnaire 1 responses that had been brought into Questionnaire 2 was rated by 70-80% of participants as either 'agree' or 'strongly agree', or 'disagree' or 'strongly disagree'. Statements that reached an aggregate percentage of agreement or disagreement below 70% in Questionnaire 2 were deemed to lack consensus.

Phase 4

Focus group discussions with experts to explore areas where consensus was not achieved and rank multiple areas of consensus. This enabled the identification of the most crucial impacts and suggestions, forming the foundation for an evidence-based and consensus-derived set of best practices.

To ensure consistency through all research phases, both questionnaires and focus group discussions were structured around three core sections, aligned to the objectives of this research: i) impacts of for-profit provision in children's social care (Section 1), ii) potential impacts of implementing the commitment to eliminate for-profit provision from the care of looked after children (Section 2),

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and iii) exploring the broader transformation of children’s social care (Section 3).

Participants in this study came from across the UK, primarily Wales, followed by England and Scotland. Details about participation and the sectors represented per phase can be found in the table below.

Table 1: Numbers of participants per sector and type of research activity

Sector	Questionnaire 1	Questionnaire 2	Focus groups
Academia/research	11	7	2
Children’s social care (Wales)	2	2	1
Charity	4	4	2
Local authority (Wales)	3	3	2
Government organisation	2	2	2
Other [Note 1]	3	1	2
Total	25	19	11

[Note 1] Participants under this option represented public bodies and independent organisations.

Main findings

Areas of consensus

Section 1: impacts of for-profit provision in children's social care

Consensus was reached that the quality of care varies in both not-for-profit and for-profit social care settings. It was also agreed that financial constraints within Local Authorities can lead to insufficient services and limited staff availability in not-for-profit care settings.

Section 2: potential impacts of implementing the commitment to eliminate for-profit provision from the care of looked after children

For potential positive impacts, participants reached consensus in Questionnaire 2 that removing for-profit provision could incentivise providers to prioritise quality of care over financial gain, potentially leading to better service quality. No consensus was reached, however, on potential negative impacts of eliminating for-profit provision. To secure positive outcomes and mitigate any unintended consequences, participants agreed on numerous suggested measures, namely: i) ongoing transparent communication, guidance and support for stakeholders involved in the transition; ii) adequate funding for not-for-profit investment; iii) the development of early intervention and prevention services; iv) safe reunification with birth families to reduce the number of looked after children; v) provision of advocacy and relevant support services for affected children and young people; and vi) the establishment of a multidisciplinary Board of Advisors overseeing implementation.

Among the additional measures that reached consensus in Questionnaire 2, in focus groups, participants discussed prioritising: i) transparency regarding efforts

to improve the supply of placements, especially for Local Authorities (prompted by the measure about ongoing transparent communication mentioned above); and ii) increasing provision in the third sector as a strategy to address existing challenges, given the potential for innovative and localised solutions.

Section 3: exploring the broader transformation of children's social care

Regarding the impact of the commitment, along with the broader transformation of children's social care, on the sustainability and stability of children's social care in Wales, consensus was reached in Questionnaire 2 on both short-term and long-term positive impacts. Such impacts included improved planning and collaboration between Local Authorities and third sector organisations, better regulation of placement prices, and more effective use of public funds. Additionally, transforming provision to be more local and responsive to children's needs was expected to result in a long-term positive impact. There was also consensus regarding the consistency of implementing these changes across different regions.

Focusing on the impact of the commitment and the broader transformation of children's social care on well-being outcomes for children and young people in Wales, there was consensus in Questionnaire 2 that eliminating profit does not guarantee positive well-being outcomes due to inherent challenges within the not-for-profit sector. There was also agreement that the achievement of positive well-being outcomes would rely on effective transition planning and support for care providers and professionals during the implementation period.

The majority of measures to enhance the sustainability and stability of care services for looked after children and young people reached consensus and furthermore achieved notably high percentages of agreement in Questionnaire 2. These measures included: i) regular progress updates on available investments for supporting the not-for-profit sector; ii) a stronger public narrative

that promotes care as beneficial, showcases its impact and engages the public; iii) joint planning, commissioning, and delivery of relevant services to meet children's diverse needs; iv) alignment with the goals of the **Youth Justice Blueprint (Youth Justice Board for England and Wales and Welsh Government)**; v) a more efficient funding allocation system that targets children's services directly; vi) investment in training and development for residential care professionals and leaders; vii) addressing disparities in foster care fees and allowances; viii) implementing preventative measures and early intervention services; and ix) advancing commitments to provide accommodation for complex needs in every region.

Among the numerous additional measures that achieved consensus, in focus groups, participants discussed prioritising: i) a stronger public narrative, considering the negative portrayal of the care system in media and public discourse, and its potential to deter future foster carers from taking this career path; ii) implementing preventative measures and early intervention services; and iii) the development of joint planning, commissioning and delivery of health, social care, accommodation, and education services to meet children's diverse needs. In addition to the statements that had achieved consensus, participants suggested creating a register for foster care providers, integrating them into the social care register. This was also suggested for prioritisation, with participants underscoring the significance of this proposal by citing examples of foster carers who had not been used despite living in areas where there was high demand for services.

Areas with no consensus

Section 1: impacts of for-profit provision in children's social care

Views in Questionnaire 2 diverged on whether for-profit provision leads to lower quality care and more breaches of regulation compared to not-for-profit services.

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Opinions also differed on whether not-for-profit providers are more child-centred and responsive to individual needs, and whether for-profit providers prioritise cost-effectiveness over children's needs. Additionally, there were contrasting views on the reinvestment of surplus funds by not-for-profit providers.

This divergence was further contextualised during the focus groups, where participants highlighted the need to distinguish between perception and reality, calling for the consideration of inspection outcomes to substantiate claims regarding care quality or breaches in regulation. With limited concrete evidence from inspections, they argued that discussions around the quality of for-profit and not-for-profit provision would remain speculative, leading to more varied views. Variations in how regulations are enforced and reported were understood to further complicate the assessment of regulatory compliance among different types of providers.

Section 2: potential impacts of implementing the commitment to eliminate for-profit provision from the care of looked after children

Results of Questionnaire 2 showed that participants held differing opinions regarding the potential positive impacts of eliminating for-profit provision, including whether for-profit provision would standardise service delivery and allow children to remain closer to their homes and communities. Echoing the contrasting views on the reinvestment of surplus funds by not-for-profit providers recorded in Section 1, opinions also varied on whether removing profit would lead providers to reinvest surplus funds back into services, ensuring the availability of specialist support for children with complex needs. Some also questioned the correlation between business type and the quality and nature of care provision, and well-being outcomes.

The potential negative impacts of eliminating profit elicited considerable debate, with no consensus reached throughout Questionnaire 2. Experts remained sceptical about the potential loss of staff and foster carers currently engaged in

for-profit provision, reduction in services for children with complex needs, as well as decreased choice and flexibility in securing appropriate placements to meet children and young people's needs. No consensus was reached on potential closure and relocation of for-profit providers and the impact on short-term service availability, or the potential of more children living in services operating without registration with Care Inspectorate Wales. Potential cost implications such as temporary cost increases in current placements, short-term and long-term increases in placement costs that can lead to budgetary pressures for Local Authorities, and stalling of other development initiatives due to stretched resources were also areas of contention.

In focus groups, participants expressed general uncertainty about the potential negative impacts, particularly the risk of more children living in services operating without registration with Care Inspectorate Wales and a potential stalling of other development initiatives due to stretched resources, given the absence of precedent for this policy change and considering the interplay between broader systemic issues affecting the sector and regional dynamics.

On the other hand, the suggested measures to secure positive and mitigate negative impacts were less of a topic for debate, with only four of these not achieving consensus in Questionnaire 2. These concerned: i) prioritising funding provision for children with special educational needs and disabilities (SEND); ii) offering financial incentives to encourage the transition of for-profit providers; iii) interventions to manage the supply and demand imbalances of placements across Local Authorities; and iv) avoiding delays in the implementation of the commitment.

When discussing the funding provision for children with SEND in focus groups, participants agreed however on the need for a separate conversation about such a provision considering the growing demand and the complexities surrounding meeting those needs within the current system.

Section 3: exploring the broader transformation of children's social care

Impacts and suggested measures in Section 3 generated substantially higher consensus in Questionnaire 2. A few areas that did not achieve consensus included potential negative impacts of the commitment, along with the broader transformation of children's social care, on the sustainability and stability of children's social care in Wales. Opinions diverged on whether this would have a short-term negative impact due to the closure and potential relocation of for-profit providers, in addition to a short-term negative impact on the sustainability and stability of children's social care and staff wellbeing due to changes in recruitment and retention, or a long-term negative impact due to resource diversion from the wider transformation agenda. Participants remained sceptical about whether the commitment and the broader transformation of children's social care can directly lead to positive impacts on well-being outcomes for children and young people, whereas no consensus was reached on whether positive impacts can be secured with a more realistic timescale for implementation that can avoid disruptions compromising well-being outcomes. Finally, the suggestion for a more long-term policy approach replacing the commitment to eliminate profit was the sole proposed measure not to achieve consensus.

Conclusions

The structured process of the applied methodology, including three consecutive stages of data collection where the latter was informed by the former, allowed for clearly and transparently identifying areas of consensus and further investigating key areas where consensus had not been reached. Noticeably, there was less consensus in Sections 1 and 2, which considered the impacts of for-profit provision in children's social care along with eliminating for-profit provision, while

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consensus was frequently achieved in Section 3, which explored the broader transformation of children's social care.

Results of the Delphi study also confirm participants' initial stance towards the commitment. At the end of Questionnaire 1, experts were invited to reflect on whether they agreed in principle with the commitment to eliminate profit from the care of looked after children in Wales. Overall, experts' responses showed there was general agreement with the commitment, but this was accompanied by concerns about the practical challenges and complexities involved in the implementation of this change.

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government.

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