

VICTORIA

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Auditor General

Victoria

Our children  
are our future:  
Improving outcomes  
for children and  
young people in  
Out of Home Care

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AUDITOR GENERAL  
VICTORIA

The Hon. Monica Gould MP  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon. Judy Maddigan MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my performance audit report on *Our children are our future: Improving outcomes for children and young people in Out of Home Care*.

Yours faithfully

JW CAMERON  
*Auditor-General*

15 June 2005

# Foreword

Our children are our future. One of the most important influences on a child's development and wellbeing is the care they receive from their family and the wider community.

In 2004, approximately 4 000 Victorian children and young people were placed in the Out of Home Care program to ensure their care and protection, either because of abuse or neglect, or for family welfare reasons such as a parent's illness. For some children and young people, this is a positive experience. For others, the experience of being placed in alternative care can have long-term adverse effects on their physical and mental health, education, employment and social interaction. These long-term adverse effects can also result in significant costs to the community. This includes the ongoing need for medical treatment, correctional care, drug and substance abuse programs, and income support payments for these young people.

There will always be a need for this program. It is, therefore, critical that the Department of Human Services has an effective strategy, based on sound analysis, to ensure: (1) demand for this program is managed, and (2) quality care is provided for children and young people in the program.

Over the last few years, the department has embarked on a reform of Out of Home Care. This report assessed the adequacy of the department's overarching framework or strategic plan for reform. It also examined the department's planning and implementation of 4 key reform initiatives. The success of these, and other initiatives, will depend, among other things, on the quality of the linkage between the initiatives and any overarching framework.

Ultimately, the success of any strategic approach and supporting initiatives will be measured by improved outcomes for children and young people in Out of Home Care.



JW CAMERON  
*Auditor-General*

15 June 2005

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# 1. Executive summary



## 1.1 About Out of Home Care

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Out of Home Care is a service that provides accommodation and care outside the parental or family home for children and young people (under 18 years) in need of care and protection. Out of Home Care may be provided for protective reasons, such as in the case of neglect or abuse; or for family welfare reasons, such as a parent's illness, or a parent's inability to give adequate care. It is a critical and central part of the wider child protection placement and support system. The Department of Human Services (DHS) administers the service and delivers it in conjunction with the non-government sector that is funded to provide the service.

Children may be placed in either:

- home-based care, including foster care and kinship care (where care is provided by volunteer carers in their own home)
- facility-based or residential care (where care is provided by paid staff in a community setting or group home).

At June 2004, across Australia, the total number of children and young people placed in Out of Home Care was 21 795. Victoria had the third highest number of children and young people in Out of Home Care (4 309 or 3.7 out of every 1 000 children aged 0-17), after New South Wales (9 145 or 5.7 per 1 000) and Queensland (4 413 or 4.6 per 1 000). Victoria's placement rate is lower than all other states except Western Australia and South Australia, and lower than the national rate of 4.5 per 1 000. Over the 9-year period to June 2004, placements in Victoria increased by 27 per cent.

Aboriginal children and young people are over-represented in Out of Home Care across all states and territories. In Victoria at 30 June 2004, 531 of the 4 309 children in Out of Home Care were Aboriginal children (41.4 per 1 000 children, compared with 3.3 per 1 000 for all other children).

Over the 5-year period to June 2004, the proportion of children placed in foster care has decreased (45 per cent to 33 per cent), kinship care placements increased (25 per cent to 31 per cent), permanent care placements have increased (17 per cent to 26 per cent), and residential care placements have decreased (13 per cent to 9 per cent).

In Victoria, total recurrent expenditure on child protection and Out of Home Care services was \$223.9 million in 2003-04, an increase of 14.7 per cent from 1999-2000. Of this, Out of Home Care services accounted for \$137.9 million (61.5 per cent).

In recent years considerable attention has been focused on how well the needs of children and young people in Out of Home Care are being met. This has highlighted the need for improvements in the way that the system operates and services are delivered. All other states and territories, and many western countries, are also struggling to find better, more appropriate solutions to meeting the needs of children and young people in alternative care.

Prior to commencing this audit, DHS had already identified problems with the Out of Home Care service system and commenced work on a range of reform initiatives and activities to address them. As much of this work is still evolving, it is too early to undertake a detailed assessment of whether the intended outcomes have been achieved.

Given this context, the audit focused on assessing the adequacy of DHS' approach to reforming Out of Home Care. It did not assess how well the current program is being delivered. In undertaking reform, we expected that DHS would:

- conduct a comprehensive analysis of the system to identify areas needing improvement
- develop a strategic plan for the service system (using the results of the system analysis) and formulate key strategic directions to achieve the reform objectives. That strategic plan should include clear aims and objectives, priorities, timelines and expected outcomes. Such a plan is not static or prescriptive, but flexible and responsive to inevitable system changes, and should be regularly reviewed and evaluated in consultation with stakeholders
- develop and implement targeted initiatives to achieve the strategic directions.

We asked 3 key questions:

- Were the audits and reviews by DHS of Out of Home Care soundly based?
- Has the reform of Out of Home Care been strategically planned and effectively managed?
- Were 4 key reform initiatives adequately planned and implemented?

Sections 1.2 to 1.4 of this executive summary examine these questions in the order in which they were addressed by DHS.

## 1.2 Were the audits and reviews by DHS of Out of Home Care soundly based?

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Between 2000 and 2003, DHS conducted a number of audits and comprehensive reviews of Out of Home Care services and the wider Victorian child protection and placement system. These audits and reviews identified areas of Out of Home Care services that could be improved. They made recommendations aimed at achieving improved outcomes for children and young people in care.

This work has since been used by DHS to inform the development of a range of targeted initiatives as part of its reform of Out of Home Care. We consider it was important, therefore, to establish the soundness of these audits and reviews.

DHS has undertaken a significant volume of work to assess the status and various aspects of the functioning and effectiveness of Out of Home Care. Overall, we consider this work to be soundly based. Although DHS did not, in some of the audits and reviews, disclose methodological limitations, have the findings independently reviewed, or include a process for addressing stakeholder concerns, this is unlikely to have significantly impacted on the soundness of this work.

## 1.3 Were 4 key reform initiatives adequately planned and implemented?

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Between 2000 and 2004, DHS, in conjunction with Community Service Organisations (CSOs), implemented 8 initiatives aimed at improving its Out of Home Care services. For the purpose of this audit, we examined 4 key initiatives:

- Family Support Innovation projects (Innovation projects)
- Looking After Children
- Take Two - Intensive Therapeutic Service (Take Two)
- Quality Assurance Strategy.

Two of these initiatives, Innovation projects and Take Two, address the need for more flexible services to better meet the needs of children and families. Looking After Children and the Quality Assurance Strategy aim to improve the management and quality of care by changing the way service providers work.

To find out whether these 4 reform initiatives were adequately planned and implemented, we asked:

- Were the initiatives appropriately formulated?
- Was implementation soundly planned and actioned?

### 1.3.1 Were the initiatives appropriately formulated?

Although DHS clearly identified a need for each of the 4 initiatives, it is difficult to conclude whether these initiatives are the best possible solutions. It was not evident that in consulting with stakeholders, DHS had assessed all options for addressing problems or determining whole-of-system priorities. More extensive consultation may have led DHS to assess a wider range of options. In turn, this may have given DHS more certainty that its chosen initiatives would give the desired outcomes.

DHS did not document or publicly communicate the link between each initiative and the strategic directions for reform of Out of Home Care until around 3 years after the change program commenced. This could have compromised CSO support for the initiatives - support that is critical to achieving the desired outcomes.

We consider that the lack of research evidence on effective clinical interventions for children who have experienced severe abuse and neglect within the family *strengthens* the need to have pilot tested Take Two. In the absence of pilot testing, DHS cannot be certain that it has adequately addressed any barriers to successfully implementing this initiative. Nor can it be sure that Take Two will deliver the expected outcomes. However, we do acknowledge the action taken by DHS to mitigate this risk.

Overall, we consider these shortcomings have weakened some aspects of DHS' approach to formulating the 4 initiatives.

## Recommendations

- 1. That DHS establish a formal process to identify and assess a range of potential options in formulating any new initiatives, and that this process includes timely consultation with key stakeholders.**
- 2. That DHS include a pilot phase when developing all new reform initiatives to test whether they are likely to deliver the required outcomes and to identify any potential implementation problems.**
- 3. That DHS ensure risk mitigation strategies are in place for any future reform initiatives that lack a strong evidence base.**

4. **That DHS continues to strengthen its knowledge base regarding the efficacy of interventions and services to address the needs of children and young people.**
5. **That DHS develop a strategy for the ongoing translation of emerging relevant research into policy and practice.**

### 1.3.2 Was implementation soundly planned and actioned?

We consider that implementation of the 4 key initiatives was soundly planned and actioned in several respects. However, implementation has not been satisfactorily planned and actioned for 2 critical aspects: assessing capacity and identifying risks.

While DHS provided funding for the initiatives, it did not adequately assess whether CSOs had the necessary skills to implement and sustain new service delivery requirements and practices while continuing to provide existing services. This shortcoming is compounded by DHS' failure to formally identify and address potential risks to implementing the initiatives.

As a result, new services may not be delivered to the required standard - or even discontinued. Thus, DHS faces the risk of not optimising the use of the funds already applied and, ultimately, resulting in less than satisfactory outcomes for children and young people.

DHS has not yet developed a formal evaluation framework for Looking After Children. This initiative underpins the planning and management processes for children and young people in care and requires a high level of time and effort by a range of people. Given this, it is important that DHS establish an evaluation framework to assess whether the initiative is achieving its intended aims. This should include measuring its contribution to improving outcomes for children and young people in care.

#### Recommendations

6. **That DHS assess the impact of all reform initiatives on the capacity of CSOs to assume new and extra service responsibilities while continuing to maintain existing services. This should be done when pilot testing new initiatives.**
7. **That DHS regularly review, in consultation with CSOs, its performance indicators for reform initiatives to ensure that they are an accurate and reasonable measure of efficiency and effectiveness, and that the related targets are soundly based.**

8. That DHS ensure that all reform initiatives have an adequate evaluation framework to assess whether they are achieving their intended aims.
9. That DHS establish a formal risk management process as part of its planning and implementation of all reform initiatives.

## 1.4 Has the reform of Out of Home Care been strategically planned and effectively managed?

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The delivery and management of major change or reform to a service system is a complex and challenging task. Successful reform of the Out of Home Care service system requires DHS to:

- coordinate the ongoing implementation of a range of new services, programs and changes in work practices (some of which are statewide) while ensuring the ongoing provision of services to children and young people
- consult with all key stakeholders throughout the change process, including children and young people
- balance the need to address issues of immediate concern (such as improved quality of care) with issues where improvements will not be immediate (such as early intervention and prevention)
- anticipate the effect of revisions to the legislation on the reform program
- collaborate with other divisions and departments in order to provide a comprehensive response to the needs of children and young people
- operate within a resource-constrained environment that is driven by annual budget cycles and competing government priorities.

We recognise that not all of these requirements are directly under DHS' control. Its ability to effectively deliver the required changes is partly dependent on the effective collaboration of other divisions and departments, and on competing government priorities that impact on funding allocations.

Notwithstanding these complexities and challenges, we expected that DHS would have:

- adopted a *strategic* approach to planning and managing the reform of Out of Home Care
- ensured all key elements of the service system were identified and addressed.

### 1.4.1 Has there been a strategic approach to planning and managing the reform?

DHS has embarked on a major reform of the Out of Home Care system in the absence of an overarching framework or clearly articulated strategic plan. Not surprisingly, CSOs and other key stakeholders did not have a clear understanding of the aims and expected outcomes of the overall reform of Out of Home Care.

At the outset of the reform, DHS did not have a process to formulate strategic directions for reform of Out of Home Care. Nor did DHS have a process to review those strategic directions to ensure that they continued to reflect the key issues impacting on the priorities for Out of Home Care. As funding allocations were made for a range of reform initiatives without the benefit of clear strategic directions, DHS cannot be certain that it has identified and addressed priority areas. In turn, the potential to optimise improved outcomes for children and young people may have been compromised.

The Ministerial Advisory Committee on Child and Family Support is one promising way to ensure that all identified major issues facing the Out of Home Care sector are acted on. It is also a potential mechanism to ensure that initiatives are aligned with the strategic directions.

DHS has not recognised the overall change process or reform program as a separate entity. Instead, it has approached reform on an initiative-by-initiative basis. Several reviews commissioned by DHS have noted that this approach has resulted in a series of unconnected initiatives with no clear link to the broader Out of Home Care system. Our discussions with CSOs and key stakeholders confirmed this view. DHS' planning and management efforts have been focused at the operational level (individual initiative) rather than at the strategic level (whole-of-system).

In this respect, DHS' approach has mirrored that of other states and territories that, as mentioned in Part 2 of this report, have faced (or are facing) similar problems with their equivalent Out of Home Care (alternative care) systems. Focusing on the implementation of a range of initiatives alone has, in most cases, failed to bring about significant or sustained systemic changes. Two of the acknowledged contributing factors include:

- a failure to recognise alternative care as a system within the wider child protection system
- a lack of comprehensive forward planning, program management and effective and strategic resourcing of the system.

In embarking on subsequent major reform programs, at least 2 states have developed a strategic plan which outlines the broad vision for reform and the strategic directions to guide the implementation of specific initiatives.

We acknowledge the difficult nature of the operating environment and that the reform of Out of Home Care is an iterative process. However, we consider that this does not obviate the need to adopt a strategic approach to reform of Out of Home Care. Such an approach is not static or prescriptive, but flexible and responsive to inevitable system changes. This approach would better position DHS to demonstrate the funding needed to achieve significant and sustained improvement to the service system.

In view of the acknowledged pressures currently experienced by the Out of Home Care service system, and its significant under-performance, it is imperative that DHS gives urgent attention to adopting a more strategic approach to managing the reform of the service system.

Until a strategic plan is developed, and oversight and strategic management of the overall reform program is exercised, DHS cannot be assured that its available resources are being used efficiently and effectively. This means its capacity to shift from a *fragmented and reactive* reform approach to a more *systematic and responsive* one, is significantly compromised. Such an approach will strengthen its capacity to provide an appropriate and accountable service system. Ultimately, this has greater potential to lead to improved outcomes for children and young people in care.

## Recommendations

- 10. That DHS develop a strategic plan for reform of Out of Home Care, in consultation with key stakeholders, and specifies the expected outcomes.**
- 11. That DHS regularly review the ongoing alignment of its strategic directions for Out of Home Care reform with the key issues facing the service system.**

- 12. That DHS develop a clearly-articulated management strategy to oversee the reform program which is supported by structured project management processes that include:**
- **formalised project plans**
  - **defined roles and responsibilities of key stakeholders**
  - **assessment of its capacity to manage and that of service providers to implement the reform program, including risks to implementation and resources required**
  - **accountability arrangements, including measurement of reform outcomes.**

#### **1.4.2 Have the key elements of the service system been identified and addressed?**

DHS has identified gaps between what the Out of Home Care system is currently delivering and those elements required to provide an effective service system for children and young people in care.

Since early 2003, DHS has been progressively addressing these service system gaps in partnership with CSOs. Three of the key elements – work force planning, funding models and service system flexibility - are being considered by working groups set up in July 2004 as part of the Sector Development Plan. At this point, it is too early to assess the soundness of this work and its ultimate impact on improving outcomes for children and young people.

Fundamental to DHS' reform of Out of Home Care is its ability to monitor progress of the work it is undertaking to improve the service system and whether the expected outcomes are being achieved. Until an appropriate performance management and reporting framework is established, DHS' capacity to do this is limited.

The new client information system will play an important role in effective reform of Out of Home Care. As well as supporting new forms of practice and facilitating integration of reform initiatives, it will underpin DHS' performance management and reporting framework. Given the iterative nature of the reform program, it is important that DHS continue its work to ensure that the new system is flexible enough to meet additional data needs beyond initial set up.

Although the need to address some of these service system gaps has been known for a number of years - including quality of care, work force planning, service flexibility and responsiveness - DHS has been slow to respond. Unless it addresses these key system elements in a timely manner, there is a high risk that the immediate and increasingly complex and diverse needs of children and young people coming into care will not be adequately met. More critically, this may have adverse consequences for the long-term health, educational, psychological and social outcomes for these children and young people.

### Recommendations

- 13. That DHS regularly review the progress of its current work to address gaps in the Out of Home Care service system (including those related to the needs of Aboriginal children and young people) to ensure timely completion. These gaps include:**
  - quality assurance systems
  - resource requirements
  - coordinated and flexible service responses
  - performance management and reporting framework.
- 14. That DHS ensure its new client information system has sufficient flexibility and capacity to accommodate additional data needs beyond initial implementation.**

*RESPONSE provided by Secretary, Department of Human Services*  
DHS agrees with the report's assessment that the analysis conducted in recent years to guide the reform process has been soundly based. The level of open and transparent analysis of the Out of Home Care system undertaken by DHS has provided a robust evidence base built on a foundation of wide consultation with all stakeholders which has guided the reform process.

*The view expressed in the report as to what constitutes an appropriate approach to strategic planning for public sector reform is closely aligned to what would be described in the relevant literature as a "rational planning" approach. There are other approaches to effective strategic planning for public sector reform identified within the literature. Examples of this include work by Professor John Alford from the Melbourne Business School, University of Melbourne and Professor Henry Mintzberg from the Faculty of Management, McGill University, Canada. This work identifies some qualification on the application of the rational planning approach:*

*RESPONSE provided by Secretary, Department of Human Services  
- continued*

*“In fact there are many strands of strategic management theory ... The rational planning model ... is one of these, but others include ‘logical incrementalism’...”<sup>1</sup>*

*“Since strategy has almost inevitably been conceived in terms of what the leaders of an organisation ‘plan’ to do in the future, strategy formation has, not surprisingly, tended to be treated as an analytic process for establishing long-range goals and action plans for an organisation; that is, as one of formulation followed by implementation. As important as this emphasis may be, we would argue that it is seriously limited ...”<sup>2</sup> Mintzberg identifies the differences between deliberate and emergent strategies: “Emergent strategy itself implies learning what works – taking one action at a time in search for that viable pattern or consistency ... This is another way of saying that not a few deliberate strategies are simply unrealised emergent ones that have been uncovered and subsequently formalised ...”<sup>3</sup>*

*DHS supports the report’s view that any long-term plans cannot be static or prescriptive but rather must be flexible and responsive to inevitable system changes. DHS also believes that in complex environments such as the one faced by Out of Home Care, a more emergent approach, as described by Mintzberg, can be applied effectively.*

*This is the path DHS has adopted. The document “Victoria’s child protection placement and support system – Major initiatives 2000-2004” clearly identifies how the reform in this area is linked to Victoria’s policy context as established in Growing Victoria Together and to the key challenges and mission of this department. The 6 strategic directions it identifies reflect the evidence accumulated over the past 5 years through various reviews and audits. The initiatives are based on the clear identification of a need; they are evidence-based; and they reflect recommendations made following extensive consultation processes with the sector.*

*The report provides no evidence of any strategic conflict between the initiatives that have been implemented in recent years. In fact there is an implicit logical cohesion - they are all about managing demand and improving service quality.*

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<sup>1</sup> J Alford, “The implications of ‘publicness’ for strategic management theory”, in G Johnson and K Scholes (eds), *Exploring Public Sector Strategy*, Pearson Education Limited, 2001, p. 2.

<sup>2</sup> H Mintzberg and J Waters, “Of strategies, Deliberate and Emergent”, *Strategic Management Journal*, 1985, Vol. 6, 257-272, p. 257.

<sup>3</sup> *ibid*, p. 271.

*RESPONSE provided by Secretary, Department of Human Services  
- continued*

*DHS believes that consultation for the reform process has been extensive and fully consistent with the recently released "Collaboration and consultation protocol for the Department of Human Services and the health, housing and community sector". The protocol acknowledges the limitations to collaboration that can arise from time to time on the part of either the department or health, housing and community sector.*

*DHS agrees with the report's view that capacity assessment is a vital component in managing reform. Work currently under way on the Family and Placement Services Sector Development Plan is examining sector capacity in terms of both staffing needs; funding models; and physical and systems infrastructure. DHS is confident that this will assist future service development.*

*Further comment by the Auditor-General*

*The Out of Home Care reform initiatives have been a significant investment of public resources in recent years affecting the lives of thousands of children.*

*I expected that DHS would adopt a strategic approach to planning and managing the reform of Out of Home Care. This approach would be underpinned by an overarching framework or strategic plan which sets out the long-term vision and broad principles that establish a "roadmap" for change. Such a plan is not static or prescriptive, but flexible and responsive to inevitable system changes.*

*I consider that a sound approach to strategic planning for public sector reform has 2 components: rational or intentional and responsive or emergent. DHS' approach to reform was unbalanced because of its undue reliance upon an emergent approach.*

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## 2. About Out of Home Care



## 2.1 Introduction

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Every child has a basic right to protection from neglect or physical, emotional or sexual abuse within their family. When children and young people cannot continue to live safely at home with their families, it is vital that they are provided with the best possible alternative care and support. For some children, this will be a short-term arrangement until they can be successfully reunited with their family. For other children who are unable to return home, a stable long-term alternative arrangement will be necessary.

Out of Home Care is a service that provides accommodation and care outside the parental or family home for children and young people (under 18 years) in need of care and protection. Out of Home Care may be provided for protective reasons, such as in the case of neglect or abuse; or for family welfare reasons, such as a parent's illness, or a parent's inability to give adequate care. The majority of placements are now made for protective reasons. The Department of Human Services (DHS) administers the service system and delivers it in conjunction with the non-government sector.

Without adequate care and support, children can experience impaired physical, social and psychological development. This, in turn, has significant social and economic costs to the community and government resources, since many of these children will later need support for problems such as drug and alcohol abuse, homelessness and mental illness.

In recent years, considerable attention has focused on how well the needs of children and young people in Out of Home Care are being met. This has highlighted the need for improvements in the way that the system operates and services are delivered. Victoria is not alone in the problems it faces with Out of Home Care services. All other states and territories, and many western countries, are struggling to find better, more appropriate solutions to meeting the needs of children and young people in alternative care<sup>1,2</sup>.

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<sup>1</sup> Department of Human Services 2003, *Public Parenting, A review of home-based care in Victoria*, Department of Human Services, Melbourne.

<sup>2</sup> Commonwealth of Australia 2005, *Protecting vulnerable children: A national challenge*, Commonwealth of Australia, Canberra.

In response to these problems, the government has commenced work on a range of initiatives and activities as part of its wider reform of Out of Home Care. Undertaking this reform is a significant challenge for DHS and the non-government sector due to the complexities of the service system and the need to maintain current service delivery while managing the ongoing reform process.

This audit assessed how well DHS is managing the reform of the Out of Home Care service system.

## 2.2 What is Out of Home Care?

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### 2.2.1 Objectives

The overall objective of Out of Home Care is "... to provide short or long-term services for children and young people unable to live at home due to risk of abuse and neglect. The services must provide for the safety, permanency and the positive development of children and young people"<sup>3</sup>.

Within Victoria, Out of Home Care is a critical and central part of the wider child protection placement and support system. Assessment of reported concern about a child's safety or welfare by child protection services may result in a referral to a range of specialist and support services. The aim of these referrals is to strengthen the capacity of families to safely care for their child. This is in line with the current emphasis in child protection and placement services on keeping the child with the family where it is possible and in the child's best interests. An alternative response to concerns about a child's wellbeing is keeping the child at home with involvement of child protection services either with or without a protection order<sup>4</sup>. The last option is to place the child in Out of Home Care.

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<sup>3</sup> Department of Human Services 2002, *Community Care Policy and Funding Plan 2002-03*, Community Care Division, Department of Human Services, Melbourne.

<sup>4</sup> Protection orders are legal or administrative orders that give community services departments some level of responsibility for a child's welfare. They include guardianship and custody orders; supervision and other finalised orders; and interim and temporary orders. At 30 June 2004, 80 per cent of children and young people in Out of Home Care in Victoria were on a care and protection order (Australian Institute of Health and Welfare (AIHW) 2005, *Child Protection Australia 2003-04*, AIHW, Canberra).

While children may be placed in Out of Home Care on a voluntary basis<sup>5</sup>, most come into Out of Home Care through the child protection system. Where a child or young person is considered to be in need of care and protection, DHS has the authority to apply to the Children’s Court<sup>6</sup> to place the child on a protection order.

### 2.2.2 Legislative framework

Within Victoria, the system for ensuring the safety and wellbeing of children and young people is governed by the:

- *Community Services Act 1970*
- *Children and Young Persons Act 1989*.

The Community Services Act sets out the principles that guide DHS’ activities in providing its community services. These principles also apply to non-government organisations, known as community service organisations (CSOs), funded to deliver services for DHS.

The Children and Young Persons Act governs the way the Children’s Court and the child protection service operate. The Act:

- gives child protection workers the authority to investigate allegations of child abuse and neglect and, when necessary, to apply to the Children’s Court to remove children and young people from the care of their parents
- sets out DHS’ responsibilities to provide services that will protect children - both as part of its own community and welfare services and those of the Minister for Community Services
- defines and regulates the functions and child protection powers of the Children’s Court.

Under the Children and Young Person’s Act, DHS has a statutory responsibility to protect children and young people from harm of abuse and neglect. This includes providing Out of Home Care services. Key principles governing the operation of the Act are that:

- the welfare and best interests of children and young people is paramount
- when intervention with families is needed, this should take the least intrusive form available while ensuring the child or young person’s safety

<sup>5</sup> Voluntary placements can be either (1) arranged for children and young people by child protection staff, but without a court order, or (2) arranged by families or young people directly with CSOs as a solution to a difficult situation.

<sup>6</sup> For a child to be placed under an order, a court needs to determine whether the child is in need of care and/or protection. In Victoria, the legislation defines “the need for care and protection” as situations where the child has been abandoned or where parent(s) are unable to protect the child from significant harm.

- wherever possible, it is best for children and young people to be cared for by their family
- supports should be offered to families so that they can keep caring for their children
- where it is in the best interests of the child or young person, reuniting them with their family is a primary goal
- wherever possible, children, young people and their families should participate fully in making decisions that affect them.

In June 2003, the Minister for Community Services announced a review of the Victorian legislation as part of the government's commitment to create a more integrated child protection and family support system. As part of this review, the Children and Young Persons Act will be amalgamated with the Community Services Act. Key priorities of the government for the proposed legislation include:

- promoting a stronger focus on vulnerable children's safety, development, stability and wellbeing. Outcomes of children in Out of Home Care to be promoted through a Charter of Rights, consistent with the United Nations Convention of the Rights of the Child. An outcomes framework for children to be linked to more rigorous processes for promoting compliance with service standards, as well as to collaborative approaches to planning and integrating programs at a local level
- better integrating the delivery of child and family services (including child protection and welfare responses) to respond more effectively to increasingly complex family problems
- continuing to increase earlier intervention and prevention in community settings, while also strengthening child protection's preventative role with families who are repeatedly notified
- authorising agencies to exchange information to support clearer pathways between services and new service delivery models
- maintaining a strong focus on family preservation and reunification, while ensuring that the best interests of children are at the heart of decision-making and that children who cannot live at home receive high-quality and stable care to promote their healthy development

- strengthening Aboriginal children and families through greater inclusion in culturally appropriate services in their community. Promoting greater compliance with the nationally-agreed Aboriginal Child Placement Principle<sup>7</sup> in order to support Aboriginal children's stability and healthy development, whilst maintaining connection to family and community. Building the capacity of Aboriginal communities and community-controlled organisations to assume greater responsibility, over time, for decision-making about their children
- expanding the use of family group conferencing and alternative dispute resolution in the Children's Court in order to drive a greater solution focus and support the participation of children, families and carers in decision-making<sup>8</sup>.

The revised legislation is expected to be introduced into parliament in October 2005.

### 2.2.3 Types of care

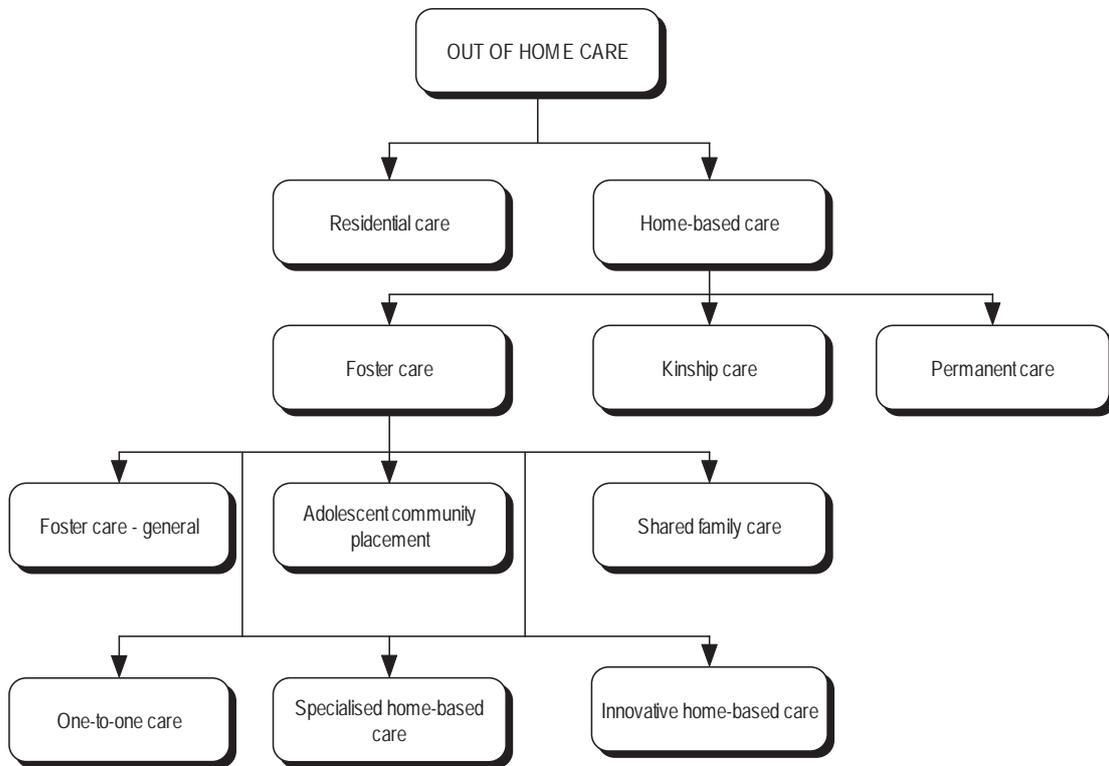
Figure 2A shows the different types of Out of Home Care placements provided in Victoria.

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<sup>7</sup> Where Aboriginal children and young people are placed outside their family, DHS follows the Aboriginal Child Placement Principle and tries to place them with Aboriginal people. In these cases, preference is given first to placements with the child's extended family; second, within the child's Aboriginal community; and third, with other Aboriginal people.

<sup>8</sup> Department of Human Services.

FIGURE 2A: TYPES OF OUT OF HOME CARE PLACEMENTS IN VICTORIA



Source: *Public parenting: a review of home-based care in Victoria*, Department of Human Services, 2003.

As Figure 2A shows, children may be placed in either:

- home-based care (where care is provided by volunteer carers in their own home)
- facility-based or residential care (where care is provided by paid staff in a community setting or group home).

Where possible, DHS seeks to place children in home-based care.

The 4 main placement types are described below:

- **Foster care** is where volunteer carers act as “foster parents” to children and young people. They provide care in their own home and are paid an allowance for the child’s support. Foster carers are usually not known to the child before the placement. This is the single largest category of home-based care and includes a range of different service types, including adolescent community placement, shared family care, one-to-one care, specialised home-based care and innovative home-based care. A description of each is given in Appendix A of this report.
- **Kinship care** is where relatives or someone known to the child provide care in their own home. This is the preferred type of home-based care as it provides the best opportunity to continue the child’s existing family, social and community relationships. The placement is supported and supervised by DHS regional child protection workers<sup>9</sup>.
- **Permanent care** is where a child or young person is placed with permanent caregivers. This type of home-based care is an alternative for those children and young people unable to be cared for by their parents on a long-term basis. Permanent care caregivers may or may not be related to the child.
- **Residential care** is where children are placed in a residential building and cared for by paid staff.

#### 2.2.4 Providers of care

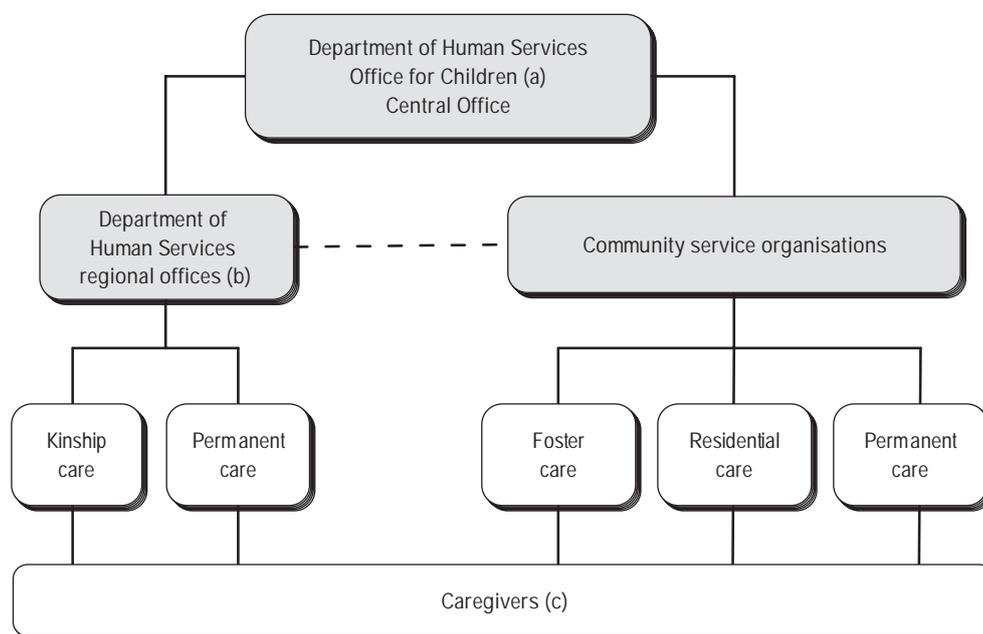
Victoria has a strong tradition of the non-government sector providing Out of Home Care services.

Following a major shift from largely institutional-based care to community-based care commencing in the 1970s, prime responsibility for providing Out of Home Care services has alternated between DHS and CSOs. The current service provider profile for Out of Home Care services is shown in Figure 2B.

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<sup>9</sup> In Aboriginal communities, this definition extends to anyone considered to be part of the child’s kinship network.

**FIGURE 2B: DELIVERY FRAMEWORK FOR OUT OF HOME CARE**



(a) Formerly the Community Care Division.

(b) The regional offices' role is to provide a case management and support service and contract management of CSOs.

(c) Caregivers refers to volunteer carers (foster care, kinship care and permanent care) and paid staff (residential care).

Source: Victorian Auditor-General's Office.

Legend:  Agencies.

Figure 2B shows that DHS provides all kinship care through its regional offices, but shares responsibility for permanent care with CSOs.

Foster care and residential care is currently provided by 40 CSOs located across 3 metropolitan and 5 rural DHS regions. Of the 40 CSOs:

- 36 deliver foster care (20 do only foster care)
- 19 deliver residential care (4 do only residential care)
- 16 deliver both foster and residential care
- 6 deliver permanent care (one does only permanent care).

Five of the 40 CSOs are funded to provide Out of Home Care services for Aboriginal children and young people.

Provision of Out of Home Care by CSOs is formalised through a service agreement with DHS. The agreement sets out the terms and conditions under which DHS purchases services from CSOs and prescribes the services to be delivered by CSOs. The agreement covers:

- the specific funding arrangements between DHS and the CSO, including the number of funded placements
- the required performance measures and targets

- reporting arrangements
- required service standards and guidelines for CSOs.

As part of their respective roles, both DHS and CSOs support volunteer caregivers. DHS develops and implements a case plan<sup>10</sup> for the child or young person, and recruits and supervises kinship carers. CSOs recruit, assess and train caregivers (except for kinship carers), and manage the placement process.

At June 2004, approximately 2 500 volunteer caregivers had a child in their care<sup>11</sup>. While there has been a 32 per cent increase in the number of Out of Home Care caregivers over the 6-year period to 2003-04, the trend across types of care has differed:

- the number of foster carers has decreased over this period, with a 6 per cent overall decline
- the number of kinship caregivers and permanent care caregivers has increased over this period, with a 68 per cent overall increase.

## 2.3 Number of placements

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At 30 June 2004, across Australia, the total number of children and young people placed in Out of Home Care was 21 795<sup>12</sup>. This means that 4.5 out of every 1 000 children aged 0-17 years were in Out of Home Care. Victoria had the third highest number of children in Out of Home Care (4 309 or 3.7 per 1 000), after New South Wales (9 145 or 5.7 per 1 000) and Queensland (4 413 or 4.6 per 1 000). Victoria's placement rate is lower than all other states except Western Australia and South Australia, and lower than the national rate of 4.5 per 1 000<sup>13</sup>.

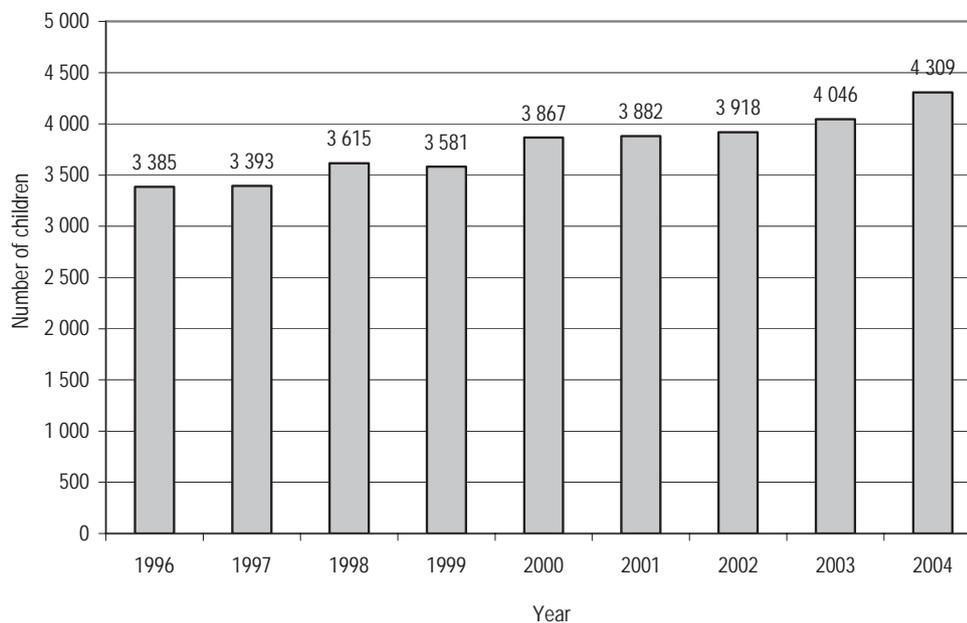
Over the 9-year period to 2004, all states and territories experienced an increase in the number of children and young people in Out of Home Care. Figure 2C shows that over this period, placements in Victoria increased by 27 per cent.

<sup>10</sup> The Children and Young Persons Act requires that every child or young person placed in Out of Home Care by Child Protection must have a case plan. This sets out the overall plan for the management of the child's care and the steps that need to take place to achieve the plan.

<sup>11</sup> Data on the number of volunteer caregivers in Victoria and nationally is not routinely collected.

<sup>12</sup> This number indicates the total number of children and young people in care on the last day of the financial year ("point in time"). This data is likely to differ from the total number of children who may come into Out of Home Care during the financial year ("throughput").

<sup>13</sup> Comparisons across states and territories must be interpreted with caution. Rates vary because of differences in the policies and practices of community service departments (including the way and type of Out of Home Care data that is collected), and different placement options for children. Australian Institute of Health and Welfare (AIHW) 2005, *Child Protection Australia 2003-04*, AIHW, Canberra.

**FIGURE 2C: NUMBER OF VICTORIAN CHILDREN IN OUT OF HOME CARE AT 30 JUNE**

Note: Over the period 1997 to 2004, the number of children aged between 0 and 17 years in the total population increased by 6.3 per cent. No data was available for 1996 (Australian Bureau of Statistics 3201.0, *Population By Age and Sex, Australian States and Territories*, June 2004, June 2003, June 1997-June 2002).

Source: Victorian Auditor-General's Office based on data from the Australian Institute of Health and Welfare, 2005.

Factors attributed to the increasing number of children coming into care over this period include:

- a parallel increase in the number of notifications to child protection services
- increasing incidence of parental drug or substance abuse
- higher levels of reported family violence and subsequent abuse of children<sup>14</sup>.

### 2.3.1 Aboriginal children and young people

Aboriginal children and young people are over-represented in Out of Home Care across all states and territories. In Victoria at 30 June 2004, 531 of the 4 309 children in Out of Home Care were Aboriginal children. This represents a rate of 41.4 per 1 000 children, compared with 3.3 per 1 000 for all other children<sup>15</sup>.

<sup>14</sup> Commonwealth of Australia 2005, *Protecting vulnerable children: A national challenge*, Commonwealth of Australia, Canberra.

<sup>15</sup> The rates of children in Out of Home Care were calculated using the Australian Bureau of Statistics' most recent population estimates for 31 March 2004, Australian Institute of Health and Welfare (AIHW) 2005, *Child Protection Australia, 2003-04*, AIHW, Canberra.

Adoption of the Aboriginal Child Placement Principle is evident in the relatively high proportions of Aboriginal children and young people placed with Aboriginal relatives or caregivers in most states and territories. In Victoria, at 30 June 2004, 62 per cent were placed in line with the Principle, compared with 40 per cent in Tasmania and 81 per cent in Western Australia<sup>16</sup>.

A protocol was developed in 2002 to strengthen the working relationship between the Victorian Aboriginal Child Care Agency, DHS and local Aboriginal service providers in placing Aboriginal children and young people<sup>17</sup>.

### 2.3.2 Trends in placement numbers

Figure 2D shows the number of children in Out of Home Care by placement type at 30 June 2000 to 30 June 2004.

**FIGURE 2D: NUMBER OF CHILDREN IN OUT OF HOME CARE BY PLACEMENT TYPE AT 30 JUNE**

Type of care	2000	2001	2002	2003	2004
Foster Care (a)	1 728	1 636	1 517	1 390	1 416
Kinship Care	962	1 046	1 031	1 216	1 345
Permanent care	650	729	888	983	1 140
Residential care	521	470	445	420	380
Independent living (b)	6	1	37	37	28
Total	3 867	3 882	3 918	4 046	4 309

(a) Foster care includes all types of home-based care provided by volunteers in their own homes for children with whom they have no pre-existing relationship. This type of care includes adolescent community placement, shared family care, one-to-one care, specialised home-based care and innovative home-based care.

(b) Independent living is where children live independently, for example, in private boarding arrangements.

Source: Victorian Auditor-General's Office, from *Report on Government Services 2005*, Productivity Commission, Canberra and Department of Human Services.

Figure 2D shows that at June 2004, one-third (33 per cent) of children in Out of Home Care were placed in foster care, with a similar proportion (31 per cent) of children placed in kinship care. Fewer than 10 per cent of children were placed in residential care.

<sup>16</sup> Australian Institute of Health and Welfare (AIHW) 2005, *Child Protection Australia, 2003-04*, AIHW, Canberra.

<sup>17</sup> Department of Human Services 2002, *Protocol between the Department of Human Services Child Protection Service and the Victorian Aboriginal Child Care Agency*, Department of Human Services, Melbourne.

Over the 5-year period to June 2004, the proportion of children placed in foster care has decreased (45 per cent to 33 per cent), kinship care placements increased (25 per cent to 31 per cent), permanent care placements have increased (17 per cent to 26 per cent), and residential care placements have decreased (13 per cent to 9 per cent).

### 2.3.3 Funding

In Victoria, total recurrent expenditure on child protection and Out of Home Care services was \$223.9 million in 2003-04, an increase of 14.7 per cent from 1999-2000. Of this, Out of Home Care services accounted for \$137.9 million (61.5 per cent)<sup>18</sup>.

Figure 2E shows recurrent expenditure on Out of Home Care services and expenditure per child, 1999-2000 to 2003-04.

**FIGURE 2E: RECURRENT EXPENDITURE ON OUT OF HOME CARE SERVICES AND EXPENDITURE PER CHILD**

Category	1999-00	2000-01	2001-02	2002-03	2003-04
Out of Home Care services (\$m)	122.5	127.8	134.1	134.4	137.9
Per child (0-17 years) (\$)	107	112	115	116	119

*Note:* Recurrent expenditure per child is calculated by the Commonwealth Government by dividing the total real expenditure on Out of Home Care (amount provided by states) by the number of children in the State (as noted by the Australian Bureau of Statistics). Recurrent expenditure does not include expenditure on Child Protection Specialist Services. Expenditure on this item in 2003-04 was \$38 million.

*Source:* *Report on Government Services 2005*, Productivity Commission, Canberra.

Figure 2E shows that over the 5-year period to 2003-04, total funding for Out of Home Care Services increased by 13 per cent and expenditure per child increased by 11 per cent.

### 2.3.4 Funds by type of care

Funds for Out of Home Care need to be allocated equitably across regions. To do this, DHS uses a protection and placement equity formula that takes into account socioeconomic status, location, and the additional needs of specific groups such as Aboriginal people and high-needs adolescents.

CSOs are allocated funding to provide Out of Home Care services under a service agreement. CSO funding covers:

- salary costs for direct care or care workers who supervise caregivers
- management and administration salary costs
- operating and training costs

<sup>18</sup> Steering Committee for the Review of Government Services Provision 2005, *Report on Government Services*, Productivity Commission, Canberra.

- some client support costs
- case management
- caregiver payments.

Allocation is based on an annual rate for each placement and is dependent on the CSO meeting specified placement targets.

Figure 2F shows DHS' recurrent expenditure on the main types of Out of Home Care placements over a 5-year period to 2003-04.

**FIGURE 2F: RECURRENT EXPENDITURE ON OUT OF HOME CARE SERVICES BY PLACEMENT TYPE (\$ MILLION)**

Type of care	1999-00	2000-01	2001-02	2002-03	2003-04
Foster care	37.1	37.9	35.4	37.0	38.0
Kinship care	4.7	6.0	6.1	6.5	8.8
Permanent care	5.4	5.9	7.4	8.5	10.7
Residential care	44.8	50.2	62.0	60.5	(a) 65.7
Other (b)	14.9	17.3	15.3	17.3	14.6
Total	106.9	117.3	126.2	129.8	137.8

(a) Expenditure includes 25 per cent of corporate overhead costs.

(b) Other includes local adoption, adoption information/support services, inter-country adoption, lead tenant, specialist services and corporate overheads/infrastructure.

*Note:* Funding is also provided for capital expenditure such as residential care buildings. Over the 5-year period, this was \$259 000, \$2.3m, \$8.4m, \$10.8m and \$6.8m, respectively.

*Source:* Department of Human Services.

Figure 2F shows that in 2003-04, most recurrent expenditure was on residential care, followed by foster care. Over the 5-year period to 2003-04, total funding for permanent care and kinship care placements has nearly doubled (98 per cent and 87 per cent, respectively), with a 47 per cent increase in funding for residential care placement. Total funding for foster care increased by 2.4 per cent over the same period.

## 2.4 Reform of Out of Home Care

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When this audit commenced, DHS had already conducted a number of audits and major reviews of the Out of Home Care system. This work commenced in 2000<sup>19</sup>. Since then, DHS has been implementing initiatives based on the findings and recommendations of that work. The majority of these involve new programs or services for children and young people in care (including Aboriginal-specific initiatives), and new work practices for service providers<sup>20</sup>.

Many of these initiatives can be traced back to *An Integrated Strategy for Child Protection and Placement Services*, published in 2002. The impetus for this key review was the need to develop strategies to manage the growing demand for child protection and placement services. Improving Out of Home Care services was seen to be dependent on:

- stabilising the number of children and young people coming into care
- improving outcomes for children and young people already in care<sup>21</sup>.

### 2.4.1 Why does Out of Home Care need reform?

The need to reform the Out of Home Care service system, and the wider child protection placement and support system, has been increasingly acknowledged over the last 10 years by both the government and non-government sectors.

Key contributing factors include:

- economic and societal changes, such as changing family structures and gender roles, decline in volunteerism, higher levels of unemployment and poverty
- de-institutionalisation of disability and mental health systems in the 1980s and increasing recognition of the reproductive rights of adults with a serious mental illness and disability
- changing characteristics of children and families, including:
  - an increasing number of children coming into care (an increasing proportion of whom have one or more of the following characteristics: younger age, Aboriginal, longer and prior multiple placements, more difficult and challenging behaviours)

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<sup>19</sup> The audits and reviews are further discussed in Part 3 of this report.

<sup>20</sup> Other initiatives include additional support for caregivers in the form of training, development of a handbook, annual forums and increased caregiver reimbursement; revision of the current legislation and the appointment of an Advocate for Children in Care. Four key initiatives are further discussed in Part 4 of this report.

<sup>21</sup> Further details on *An Integrated Strategy for Child Protection and Placement Services* are provided in Parts 3 and 4 of this report.

- an increasing proportion of parents of children in Out of Home Care who are sole parents with additional problems (for example, high levels of substance or alcohol abuse, psychiatric illness, experience of domestic violence, unemployment, low educational achievement and low income levels)
- a more challenging and complex role for foster carers resulting from the changing characteristics of children and young people and families
- a reduction in the number of available foster carers, and associated increasing demand for kinship care<sup>22,23</sup>
- a legislative framework that does not meet the current needs of children and young people at risk of abuse or neglect, nor those of service providers, government and the wider community<sup>24</sup>.

### 2.4.2 What does the reform of Out of Home Care look like?

Reform of Out of Home Care is multifaceted and requires DHS and CSOs to work together to make sure that the reform objectives are met.

Key components include:

- developing and implementing a range of initiatives
- reviewing the legislative and policy base underpinning the system
- allocating additional funds to address areas of concern
- establishing key advisory bodies such as the Ministerial Advisory Committee on Child and Family Support<sup>25</sup>
- appointing an Advocate for Children in Care<sup>26</sup>.

Further comment on the various components of Out of Home Care reform is detailed in Parts 4 and 5 of this report.

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<sup>22</sup> A M Tomison, *Preventing child abuse: changes to family support in the 21<sup>st</sup> century*, National Child Protection Clearinghouse, Australian Institute of Family Studies, 2002, pp. 1-22.

<sup>23</sup> Department of Human Services 2003, *Public parenting: a review of home-based care in Victoria*, Department of Human Services, Melbourne.

<sup>24</sup> The Children and Young Persons Act was introduced to underpin an emergency service for urgent child abuse cases rather than a long-term social welfare service for at risk children.

<sup>25</sup> The Ministerial Advisory Committee on Child and Family Support was established in July 2003 to advise the minister on policy and priority issues for the reform program, develop a communication strategy, and foster a partnership approach between government and non-government agencies.

<sup>26</sup> The Advocate for Children in Care was appointed in March 2004 to act as an advocate for children and young people in care, and to advise DHS about the delivery and monitoring of quality services and effective standards of care.

### 2.4.3 What were our expectations of the reform process?

In reforming the Out of Home Care system, we expected that DHS would:

- conduct a comprehensive analysis of the system to identify areas needing improvement
- develop a strategic plan for the service system (using the results of the system analysis) and formulate key strategic directions to achieve the reform objectives. That strategic plan should include clear aims and objectives, priorities, timelines and expected outcomes. Such a plan is not static or prescriptive, but flexible and responsive to inevitable system changes, and should be regularly reviewed and evaluated in consultation with stakeholders
- develop and implement targeted initiatives to achieve the strategic directions.

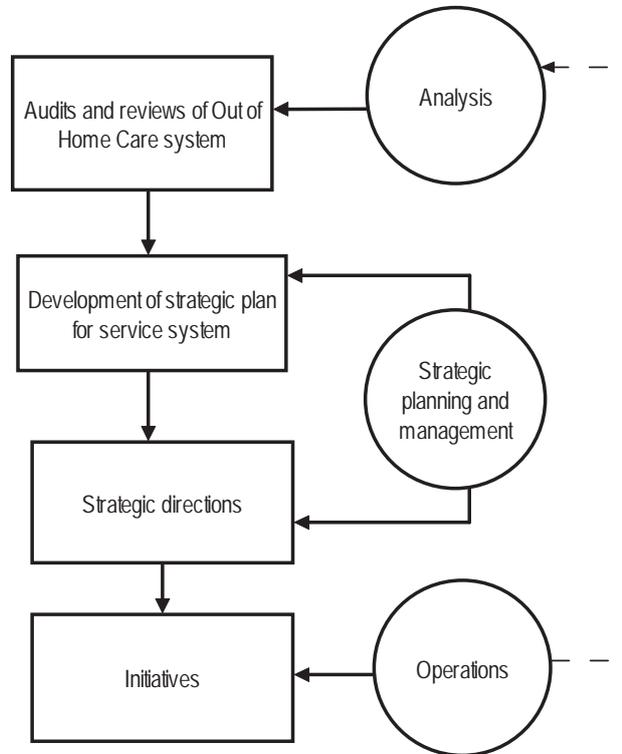
In other words, we expected DHS to have followed a 3-stage process in the following order:

- analysis
- strategic planning and management
- operations.

Importantly, this process includes a feedback loop to assist in monitoring progress of the reform process against expected achievements.

Figure 2G provides an outline of our views on these components and how they relate.

**FIGURE 2G: KEY COMPONENTS OF THE REFORM PROCESS FOR OUT OF HOME CARE**



*Note:* Dotted line indicates feedback loop.

*Source:* Victorian Auditor-General’s Office.

## 2.5 Conduct of the audit

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### 2.5.1 What did we do?

Prior to commencing this audit, DHS had already identified problems with the Out of Home Care service system and had begun to address them. As much of this work is still evolving, it is too early to undertake a detailed assessment of whether the intended outcomes have been achieved.

Given this context, the audit focused on assessing the adequacy of DHS’ approach to reforming Out of Home Care. It did not assess how well the current program is being delivered.

In line with our expectations of a reform process, we asked 3 key questions:

- Were the audits and reviews by DHS of Out of Home Care soundly based?
- Has the reform of Out of Home Care been strategically planned and effectively managed?
- Were 4 key reform initiatives adequately planned and implemented?

Each of these questions is examined in the next 3 parts of this report in the order in which they were addressed by DHS.

## 2.5.2 Methodology

To conduct this audit, we:

- interviewed key staff in the central DHS office and 4 regional DHS offices (Southern, Eastern, Hume and Barwon South), and examined supporting documentation
- interviewed key staff in a sample of CSOs, and examined supporting documents
- surveyed all Victorian CSOs funded to deliver Out of Home Care
- conducted one focus group with foster carers, 2 groups with kinship carers (including one with Aboriginal carers) and 2 with children and young people in care
- visited a sample (30 per cent) of CSOs in DHS' metropolitan and rural regions and interviewed staff. These were:
  - Anglicare, Gippsland
  - Baptist Community Care, North-West
  - Berry Street, Southern
  - Child and Family Services, Grampians
  - MacKillop Family Services, Barwon South-West
  - Orana, North-West
  - Oz Child, Southern
  - Quantum Support Services, Barwon South-West
  - Rumbalara Aboriginal Cooperative, Hume
  - St Lukes, Loddon Mallee
  - Waverly Emergency Adolescent Care, Eastern
  - Wesley, Eastern.

Mackillop Family Services (North-West) and Orana Family Services (North-West) assisted in the piloting of the survey questionnaire and fieldwork tool.

The findings of this report are corroborated through evidence gathered from the range of sources listed above. Where quotations and comments from CSOs, DHS, carers, and children and young people are cited, they are used to illustrate the audit finding and are not the primary source of audit evidence.

### 2.5.3 Assistance to the audit team

We consulted with a wide range of people and organisations to obtain information about the key issues facing Out of Home Care, and what this could tell us about how well the reform was being implemented -

- central and regional offices, DHS
- peak bodies, including the Foster Care Association of Victoria, the CREATE foundation, the Centre for Excellence in Child and Family Welfare (formerly the Children's Welfare Association of Victoria)
- The Advocate for Children in Care, DHS
- Victorian Aboriginal Child Care Agency
- community service organisations
- academics and researchers in the child welfare field.

Specialist support was provided by:

- Professor Dorothy Scott, who assisted in shaping the audit objectives and provided specialist advice
- Ms Rhonda Stien, Plan Plus Consulting, who undertook part of the fieldwork and provided specialist advice
- Australian Survey Research Group, who developed and administered an electronic version of the survey questionnaire for CSOs
- Success Works, who undertook visits to CSOs and conducted focus groups with foster carers and kinship carers
- The CREATE foundation which conducted focus groups with children and young people.

An Expert Consultative Group, including representatives of key stakeholders, provided additional advisory support to the audit team.

*RESPONSE provided by Secretary, Department of Human Services*

**General comment**

*The report takes the view that a rational planning approach is the only valid approach to strategic planning for public sector reform. The report fails to adequately acknowledge the validity of the emergent approach adopted by DHS.*

**Section 2.4, paragraph 2**

*DHS agrees that many of the current initiatives found their origin in "An Integrated Strategy for Child Protection and Placement Services". DHS also agrees with the audit's observation that this document identified that improving Out of Home Care services was dependent on stabilising the number of children and young people coming into care and improving outcomes for children and young people already in care. These 2 themes have guided the reforms under way and have provided the basis for the strategic directions adopted.*

**Further comment by the Auditor-General**

*The approach to strategic planning presented in the report reflects both a rational planning approach and an emergent planning approach. That is, it is not static or prescriptive, but flexible and responsive to inevitable system changes.*

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3. Were the audits  
and reviews by  
DHS of Out of  
Home Care  
soundly based?



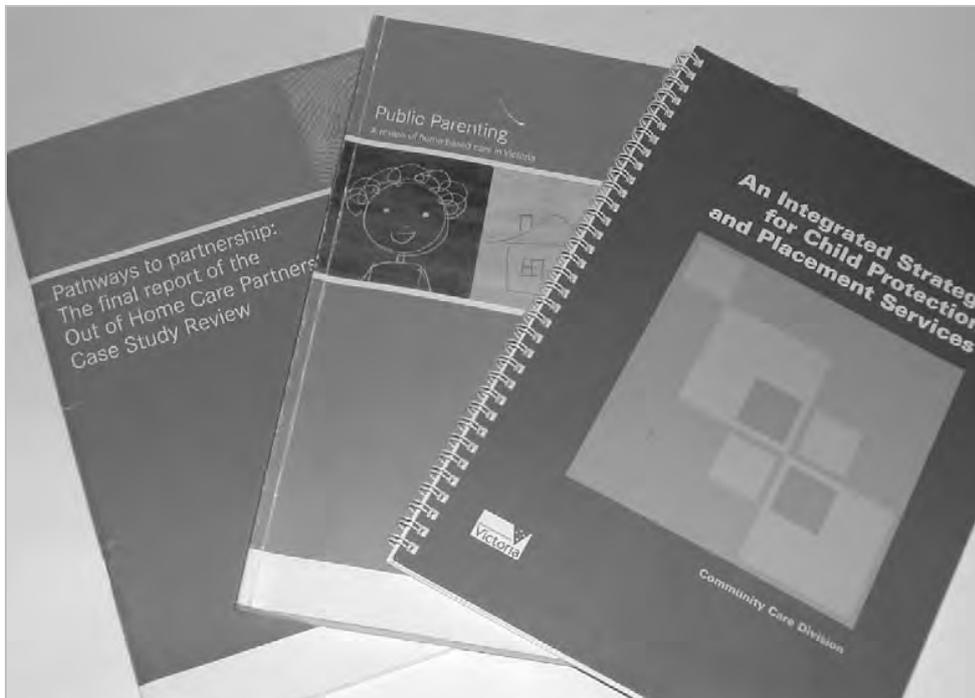
## 3.1 Introduction

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Between 2000 and 2003, the Department of Human Services (DHS) conducted a number of audits and comprehensive reviews of Out of Home Care services and the wider Victorian child protection and placement system.

These included:

- Audit of Children and Young People in Home Based Care Services (2001)
- Audit of Children and Young People in Residential Care (2001)
- Audit of Kinship Care Clients (2001)
- An Integrated Strategy for Child Protection and Placement Services (2002)
- Public Parenting: A review of home-based care in Victoria (2003)
- Pathways to partnership: The final report of the Out of Home Care Partnership Case Study Review (2003)
- Protecting Children: The Child Protection Outcomes Project (2003).



*DHS has undertaken a significant volume of work to assess the Out of Home Care program.*

Collectively, these 7 audits and reviews analysed the status of, and identified key characteristics of, Out of Home Care services, including:

- profiles and experiences of those children and young people who used the major types of Out of Home Care, and agencies and caregivers who provided that care
- where service delivery could be improved (given the experiences of children, young people and carers)
- the need for an integrated strategy (comprising initiatives to better manage demand for child protection placement and support services) to improve outcomes for children and young people
- issues and trends in home-based care, as well as the effectiveness and appropriateness of the objectives of home-based care
- how the partnership between the government and CSOs might be strengthened to ensure the best outcomes for children and young people in care
- the appropriateness of legislative, policy and program frameworks that underpinned the child protection placement and support system.

Appendix B of this report provides an overview of the aim, scope and methodology of each of these audits and reviews, together with a brief summary of the key issues, findings and recommendations.

This work has since been used by DHS to inform the development of a range of targeted initiatives as part of its reform of Out of Home Care. We consider it was important, therefore, to establish the soundness of these audits and reviews.

## 3.2 How sound were the audits and reviews of Out of Home Care?

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### 3.2.1 Criteria

In assessing whether the audits and reviews<sup>1</sup> of Out of Home Care services were soundly based, we examined whether they:

- had clear and comprehensive aims, objectives and scope
- were conducted by appropriately qualified and experienced individuals
- had a clearly-specified approach, based on established methodologies

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<sup>1</sup> Unlike the other 6 audits and reviews, *Protecting Children: The Child Protection Outcomes Project* is mostly concerned with the child protection system. For this reason, it was not included in our assessment.

- had a process in place to make sure the reliability of their findings could be independently analysed
- had clearly linked their review findings to aims and objectives, and had disseminated findings to key stakeholders.

### 3.2.2 Evidence

Figure 3A summarises our assessment of how soundly based the Out of Home Care audits and reviews were.

**FIGURE 3A: CRITERIA AND ASSESSMENT OF SOUNDNESS OF AUDITS AND REVIEWS OF OUT OF HOME CARE**

Criteria	Assessment
Aims, objectives and scope clear and comprehensive	All reviews clearly identified the aims, objectives, scope and need for the review, as well as relevant stakeholders. Two of the reviews, however, did not have adequate processes to ensure ongoing stakeholder consultation. These included no formal commitment to consult (audit of kinship care) and no specified consultation timelines (integrated strategy).
Reviewers qualified and experienced	All reviews were conducted by people with relevant qualifications and knowledge in child welfare and experience in systemic, program and policy evaluation in human services.
Methodology appropriate	All reviews clearly specified an appropriate methodological approach, including data collection and analysis procedures, and acknowledged supporting information sources. All but 3 (audit of kinship care, integrated strategy and public parenting) acknowledged the impact of methodological limitations on the review findings and conclusions.
Findings reliable	Only 2 of the reviews (public parenting; pathways to partnership) had processes to monitor the progress and ensure independent/external assessment (and follow-up where necessary) of the review findings by appropriately-qualified people.
Results linked to aims and objectives, and findings disseminated	All review results were clearly linked to the review aims. Processes were in place for reporting the findings and disseminating them to key stakeholders. Only 3 (audit of kinship care, integrated strategy and public parenting) had established processes to address any stakeholder concerns about the findings.

Source: Victorian Auditor-General's Office, from DHS audits and reviews.

### 3.2.3 Conclusion

DHS has undertaken a significant volume of work to assess the status and various aspects of the functioning and effectiveness of Out of Home Care.

Overall, we consider this work to be soundly based. Although DHS did not, in some of the audits and reviews, disclose methodological limitations, have the findings independently reviewed, or include a process for addressing stakeholder concerns, this is unlikely to have significantly impacted on the soundness of this work.

*RESPONSE provided by Secretary, Department of Human Services*

#### ***General comment***

*DHS agrees with the report's findings concerning the volume and quality of work undertaken in coming to terms with the effectiveness of Out of Home Care. The level of open and transparent analysis of the Out of Home Care system undertaken by DHS in recent years has provided a robust evidence base built on a foundation of wide consultation with all stakeholders which has guided the reform process.*

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4. Were 4 key reform initiatives adequately planned and implemented?



## 4.1 Introduction

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In Part 2 of this report, we described how undertaking the reform of Out of Home Care required 3 sequential steps:

- analysis
- strategic planning and management
- operations.

In the previous part of this report, we assessed how well the Department of Human Services (DHS) had carried out the analysis component of this process by examining the soundness of its audits and reviews of Out of Home Care. In this part of the report, we examine DHS' planning for the implementation of 4 key reform initiatives to assess how well it has undertaken the operational component of this process.

Between 2000 and 2004, DHS, in conjunction with community service organisations (CSOs), implemented 8 initiatives<sup>1</sup> aimed at improving its Out of Home Care services.

For the purpose of this audit, we examined 4 key initiatives:

- Family Support Innovation projects (Innovation projects)
- Looking After Children
- Take Two - Intensive Therapeutic Service (Take Two)
- Quality Assurance Strategy.

Figure 4A provides a brief description of each initiative, its aims and funding allocation.

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<sup>1</sup> Some of these initiatives (new programs, services, work practices) are relevant only to children and young people in Out of Home Care, such as Looking After Children, while others are relevant to the entire child protection system, such as the Innovation projects.

**FIGURE 4A: DESCRIPTION, AIMS AND FUNDING ALLOCATION TO KEY DHS REFORM INITIATIVES**

Initiative and year implemented	Description and aim	Initiative funding allocation
Innovation projects 2002	<p>A service supported by a network of community-based services (a) targeted at families that are at high risk and have been involved in the child protection system. Projects aim to provide early, flexible and comprehensive services to children and families in need. Specifically, they aim to:</p> <ul style="list-style-type: none"> <li>• reduce child protection demand by diverting a significant number of families to community-based services</li> <li>• minimise renotifications and the number of families entering the child protection placement and support system</li> <li>• strengthen the capacity of supportive services to meet the needs of vulnerable families.</li> </ul>	<p>2002-03: \$3.7 million 2003-04: \$5 million 2004-05: \$10.5 million</p> <p>27 projects across 30 local government areas (in 2004-05) 8 of the 27 projects targeted at Aboriginal communities.</p> <p>2005-06: \$11.5 million</p>
Looking After Children 2003	<p>A case management framework that aims to improve communication, collaboration, assessment and planning related to children and young people in Out of Home Care.</p> <p>Central to Looking After Children is the completion of records about the child's development and experiences in care by case workers, carers, birth parents, and children and young people.</p>	\$2.1 million invested in the implementation stage in 2002-03
Take Two 2004	A therapeutic specialist service for clients of Child Protection. The service is targeted at children and young people displaying (or who are at risk of displaying), serious behavioural and emotional disturbance as a result of the trauma associated with abuse and neglect.	\$5 million per year (ongoing funding)
Quality Assurance Strategy 2004	A process for assessing and monitoring CSOs' compliance with the minimum standards of care (b) using a system of internal and external reviews. It aims to ensure children and young people in Victoria receive high-quality Out of Home Care services.	2003-04: \$790 000 seeding funding to CSOs 2004-05: \$627 000 (c)

(a) The service network includes child protection services, community-based services (including family support, maternal and child health, family violence, drug and alcohol, mental health) as well as local government, police and schools.

(b) These include the *Minimum Standards and Outcome Objectives for Residential Care Services in Victoria* (2002) and the *Minimum Standards and Outcome Objectives for Home-Based Care Services in Victoria* (2003). Both sets of standards were published by the Department of Human Services

(c) This additional seeding funding is to assist CSOs to undertake initial internal reviews and to implement Quality Assurance Strategy action plans.

Source: Victorian Auditor-General's Office.

Two of these initiatives, Innovation projects and Take Two, address the need for more flexible services to better meet the needs of children and families. Looking After Children and the Quality Assurance Strategy aim to improve the management and quality of care by changing the way service providers work.

To find out whether these 4 reform initiatives were adequately planned and implemented, we asked:

- Were the initiatives appropriately formulated?
- Was implementation soundly planned and actioned?

In assessing these questions we interviewed key DHS and CSO staff and examined supporting documentation, surveyed all CSOs funded to deliver Out of Home Care services, conducted focus groups with carers and children and young people, and visited a sample of CSOs.

## 4.2 Were the initiatives appropriately formulated?

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### 4.2.1 Criteria

To assess whether the initiatives were appropriately formulated, we examined if:

- DHS had an adequate process to identify which initiatives were needed. We expected DHS to have assessed options and consulted key stakeholders
- the initiatives were soundly based. We expected initiatives to:
  - link to the broader Out of Home Care strategic directions (these are discussed further in sections 5.2.3 to 5.2.4 of this report)
  - address a clearly identified need
  - have clearly-defined aims, objectives and outcomes
  - be based on strong evidence
  - be piloted before full implementation.

### 4.2.2 How did DHS identify initiatives?

A clear, formal process should underpin decision-making about which initiatives to develop and fund. It is critically important to analyse all options so the most appropriate initiative is chosen. By “most appropriate” we mean initiatives that are consistent with broader strategic directions, and, therefore, likely to meet any system-wide goals. A critical part of this analysis is consulting with key stakeholders, since this helps strengthen their commitment to, and support for, the change initiatives.

We found that, at the time DHS commenced implementing the initiatives, it had limited processes to identify the most appropriate initiatives relative to whole-of-system priorities. Instead, DHS reviewed relevant research as well as existing services, programs and work practices (both locally and in other jurisdictions) that addressed the issues that had been identified as needing improvement in its audits and reviews of Out of Home Care. Based on this analysis, it developed the broad parameters for various initiatives.

Figure 4B outlines DHS' consultation process in formulating the 4 key initiatives.

**FIGURE 4B: DHS' CONSULTATION PROCESS FOR FORMULATION OF 4 KEY INITIATIVES**

Initiative	Consultation process
Innovation projects	DHS formulated the Innovation projects in collaboration with the Department of Treasury and Finance and the Department of Premier and Cabinet - in other words, the development of Innovation projects was largely driven internally.  No consultation with stakeholders took place.
Looking After Children	Originally developed in the United Kingdom, the need for consistency in assessment and case management of children and young people in care had been strongly advocated for some time within the non-government sector.  This advocacy was led by the Centre for Excellence in Child and Family Welfare (formerly the Children's Welfare Association of Victoria) <sup>1</sup> who considered Looking After Children would meet this need.  DHS introduced Looking After Children across the state in 2003 <sup>2</sup> .
Take Two	A major review of service options to support children in care with severe emotional and behavioural problems <sup>3</sup> recommended the establishment of a statewide therapeutic service. Following further support for this service in later reviews <sup>4</sup> , a proposal was developed and funding allocated. Take Two was subsequently developed by a consortium of local clinicians and service providers engaged through a tender process (a).  While there was consultation about the need for such a service and about a specific model, consultation about a range of options for the model did not take place.

<sup>1</sup> The Centre for Excellence in Child and Family Welfare is the peak body for the child welfare and family support sector. It represents community-based organisations that deliver a range of services for children, young people and families.

<sup>2</sup> This followed piloting in the DHS Eastern Metropolitan region in 1996, and implementation across 4 regions by Berry Street (one of the larger Victorian CSOs).

<sup>3</sup> Department of Human Services, *When Care is not enough, A review of intensive therapeutic and residential service options for young people in Out of Home Care who manifest severe emotional and behavioural disturbance and have suffered serious abuse or neglect in early childhood*. Report prepared by J Morton, R Clark and J Pead, Department of Human Services, Melbourne, 1999.

<sup>4</sup> Department of Human Services 2001, *Audit of children and young people in residential care*, Department of Human Services, Melbourne; Department of Human Services 2001, *Audit of children and young people in home-based care*, Department of Human Services, Melbourne; Department of Human Services 2002, *An Integrated Strategy for Child Protection and Placement Services*, Department of Human Services, Melbourne.

**FIGURE 4B: CONSULTATION PROCESS FOR FORMULATION OF 4 KEY INITIATIVES - continued**

Initiative	Consultation process
Quality Assurance Strategy	<p>Recognition of the need to develop quality standards dated back to an audit conducted by our Office in 1996 and has been raised in more recent reviews conducted by DHS<sup>5</sup>.</p> <p>In 2002, the Home Based Care reference group was established to develop new service standards (with sector representatives). The residential care standards were developed in 2000 by the Quality, Standards, Outcomes and Evaluation working group of the Placement and Support Funding project.</p> <p>In 2003, the minister announced a quality assurance strategy.</p>

(a) Take Two is delivered by a consortia including Berry Street Victoria in partnership with the Austin Hospital Child and Adolescent Mental Health Service, La Trobe University Faculty of Health Science and “Mindful” (the Centre for Training and Research in Developmental Health).

Source: Victorian Auditor-General’s Office.

Figure 4B shows that consultation with key stakeholders across the 4 initiatives was variable. The nature of this consultation was more about the specific format and implementation of the initiative than about options, their relative merits and whole-of-system priorities.

### 4.2.3 Were initiatives soundly based?

#### Links to the strategic directions

We expected that initiatives would be clearly linked to broad strategic directions of DHS’ Out of Home Care reform.

Instead, we found that initiatives were linked to specific findings and recommendations of individual audits and reviews of Out of Home Care.

For example:

- *An Integrated Strategy for Child Protection and Placement Services* highlighted the need for prevention and diversion as a demand management strategy. The Innovation projects aim to reduce the number of children and young people coming into the child protection and placement system to reduce demand on the system over time.
- The *Public Parenting review* highlighted the absence of (1) minimum standards of care, and (2) a monitoring regime. It recommended a quality assurance strategy as a key direction for reform.

<sup>5</sup> Victorian Auditor-General’s Office 1996, *Protecting Victoria’s children – The role of the Department of Human Services*, Government Printer, Melbourne; Department of Human Services 2003, *Public Parenting: A review of home-based care in Victoria*, Department of Human Services, Melbourne; Department of Human Services 2003, *Pathways to Partnership: The final report of the Out of Home Care Partnership Case Study Review*, Department of Human Services, Melbourne.

Although these initiatives were linked to identified areas of need, including the major priority of reducing demand, those links were not made in the context of system-wide strategic directions. DHS had not yet formalised, nor publicly communicated, its strategic directions for reforming Out of Home Care.

It was not until December 2004 that the strategic directions were documented and publicly announced, and an explicit link was made between them and the existing initiatives<sup>6</sup>. This was around 3 years after the first initiative (Innovation projects) had been set up.

#### Identification of need

To develop and target the best solution and interventions, clear identification of the need for a particular intervention or initiative is required.

We found that DHS had clearly identified the need to develop each of the 4 initiatives. For example:

- Take Two is a specialised therapeutic service developed in response to the need for a wider range of services to better meet the needs of children with severe behavioural and emotional problems
- Looking After Children is a response to the need for consistency in assessment, case planning and management, and is aimed at improving the quality of care.

#### Clearly-defined aims, objectives and outcomes

Clearly-defined aims, objectives and outcomes help to set a direction for change, key project milestones and expected benefits. Defined outcomes also make possible evaluation of initiatives and their effectiveness.

We found that DHS had defined the aims, objectives and expected outcomes for each of the 4 initiatives.

While it is too early to report on outcomes, CSO staff indicated that some benefits are beginning to be seen. As Figure 4C shows, these early benefits extend to children and young people in care, as well as to service providers.

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<sup>6</sup> Department of Human Services 2004, *Victoria's child protection placement and support system, Major initiatives 2000-2004*, Department of Human Services, Melbourne.

**FIGURE 4C: EARLY BENEFITS FROM INITIATIVES**

Initiative	Benefits for children and families	Benefits for CSOs
Innovation projects	Increased and integrated support services to children and families to prevent escalation into the Child Protection and Out of Home Care systems.	Greater collaboration and service integration between CSOs across the family services system. Improved collaboration between CSOs and child protection staff.
Looking After Children	Standardised processes implemented for children in care.	Standardised processes in place in all CSOs.
Take Two	Children who have experienced significant or high levels of abuse have been given therapy.	Increased collaboration between CSOs, Child Protection, Child and Adolescent Mental Health Service and service providers.
Quality Assurance Strategy	Minimum standards for services to children in care.	Minimum standards set for CSO performance.

Source: Victorian Auditor-General's Office.

One CSO delivering Out of Home Care to Aboriginal children commented that an Innovation project provided them with greater support. In particular, it had led to better integration with other family support programs aimed at preventing entry into the child protection system -“this preventative program serves families who would otherwise fall between the gaps”.

An independent evaluation of the Innovation projects completed for DHS in November 2004 found further benefits. Most participants shared the view that the program had led to major tangible gains for clients and families. This was through better quality services and improved access for needy, high-risk clients and families<sup>7</sup>.

### Strong evidence base

Soundly-based initiatives are built on the best evidence available of what is effective. It is important that research evidence relevant to the development of new initiatives contributes to a knowledge base about effective interventions. Importantly, processes must also be in place to transfer this knowledge into policy and practice.

We found a strong evidence base for 3 of the 4 initiatives:

- Innovation projects are based on a detailed analysis of the existing Victorian child protection system, and of best practice approaches in other jurisdictions within Australia and internationally.

<sup>7</sup> Department of Human Services 2004, *Innovation Projects Evaluation, Interim Stage 2 Report*, report prepared by S Thomas, School of Public Health, La Trobe University, Melbourne.

- Looking After Children was first developed and introduced in the United Kingdom in 1991 and is now widely used there and in 15 other countries, including Australia. DHS reviewed national and international experiences of Looking After Children through consultation with key stakeholders and a review of relevant research.
- The Quality Assurance Strategy is based on a review of equivalent approaches used in other jurisdictions.

The other initiative, Take Two, was developed following a comprehensive review of relevant research, programs and practices in other jurisdictions. We note, however, that there is a lack of research evidence related to the efficacy of clinical interventions with children who have experienced severe abuse and neglect within the family. Relatively few services address the psychological and social problems experienced by these children, and there has been little systematic evaluation of how effective those services are<sup>8,9</sup>.

DHS has partly addressed the risk this could pose to successful implementation of Take Two. In addition to delivery of the service, DHS requires the Take Two consortia to undertake research that will add to the evidence base on how to achieve better outcomes for this group of children and young people.

#### Pilot testing to check for validity

Piloting new work practices and services on a small scale before introducing them more widely helps determine whether a new initiative will deliver the expected outcomes. It also exposes any potential problems in delivering a new initiative more widely.

The Department of Treasury and Finance prefers DHS to undertake pilots and evaluations to provide a basis (evidence) for approving the allocation of program funds.

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<sup>8</sup> United Kingdom Department of Health, *Child protection: Messages from Research*, Her Majesty's Stationery Office, London, 1995, p. 95.

<sup>9</sup> N Richardson, D Higgins, L Bromfield, *Making the right choices about child protection programs and services*, 10<sup>th</sup> National Conference of the Association for the Welfare of Child Health, Sydney, 2005.

A pilot was run for the Innovation projects, Looking After Children and the Quality Assurance Strategy. No pilot of Take Two was undertaken despite (1) it being a new and unique service, and (2) a lack of research evidence on the efficacy of therapeutic interventions with children who have experienced severe abuse. DHS advised that a pilot was not undertaken since the need for such a specialised service had been clearly identified through audits of the Out of Home Care program, a review of relevant research and was widely acknowledged by service providers.

#### 4.2.4 Conclusion

Although DHS clearly identified a need for each of the 4 initiatives, it is difficult to conclude whether these initiatives are the best possible solutions. It was not evident that in consulting with stakeholders, DHS had assessed all options for addressing problems or determining whole-of-system priorities. More extensive consultation may have led DHS to assess a wider range of options. In turn, this may have given DHS more certainty that its chosen initiatives would give the desired outcomes.

DHS did not document or publicly communicate the link between each initiative and the strategic directions for reform of Out of Home Care until around 3 years after the change program commenced. This could have compromised CSO support for the initiatives - support that is critical to achieving the desired outcomes.

We consider that the lack of research evidence on effective clinical interventions for children who have experienced severe abuse and neglect within their family *strengthens* the need to have pilot tested Take Two. In the absence of pilot testing, DHS cannot be certain that it has adequately addressed any barriers to successfully implementing the initiative. Nor can it be sure that Take Two will deliver the expected outcomes. However, we do acknowledge the action taken by DHS to mitigate this risk.

Overall, we consider these shortcomings have weakened some aspects of DHS' approach to formulating the 4 initiatives.

## Recommendations

1. That DHS establish a formal process to identify and assess a range of potential options in formulating any new initiatives, and that this process includes timely consultation with key stakeholders.
2. That DHS include a pilot phase when developing all new reform initiatives to test whether they are likely to deliver the required outcomes and to identify any potential implementation problems.
3. That DHS ensure risk mitigation strategies are in place for any future reform initiatives that lack a strong evidence base.
4. That DHS continues to strengthen its knowledge base regarding the efficacy of interventions and services to address the needs of children and young people.
5. That DHS develop a strategy for the ongoing translation of emerging relevant research into policy and practice.

*RESPONSE provided by Secretary, Department of Human Services*

### **Section 4.2.2, paragraphs 1 and 2**

*DHS accepts that consideration of alternative solutions to an identified problem should occur and that this is often best achieved in consultation with stakeholders. However, the audit fails to acknowledge that at times full and open consultation on every issue or alternative solution is not always possible – a fact acknowledged by the jointly endorsed “Collaboration and consultation protocol for the Department of Human Services and the health, housing and community sector”.*

### **Section 4.2.3**

#### **Sub-section - Links to the strategic directions**

*DHS considers that its initiatives are embedded in the broad strategic directions of Out of Home Care reform. As the report notes, many initiatives found their origin in “An Integrated Strategy for Child Protection and Placement Services”. DHS agrees with the observation that improving Out of Home Care services was dependent on stabilising the number of children and young people coming into care and improving outcomes for children and young people already in care. These 2 themes have guided the reforms under way and have provided the basis for the strategic directions adopted.*

*RESPONSE provided by Secretary, Department of Human Service - continued*

**Recommendation 1**

*DHS generally support this recommendation with the qualification reflected by the “Collaboration and consultation protocol for the Department of Human Services and the health, housing and community sector” which acknowledges that:*

*“The department is required to be accountable to the government and central agencies for its activities, including the expenditure of public funds. Constraints such as budget discussions and Cabinet deliberations mean that from time to time the department’s capacity to participate in partnering activities is limited to information sharing rather than collaboration ... From time to time the sector is engaged in campaigns and related political processes that will limit consultative and collaborative activities. At times, there are competing interests in the sector and constraints due to diversity and complexity. This may mean the sector faces challenges in presenting the department with a broadly representative perspective on issues.”*

**Recommendation 2**

*DHS generally support this recommendation with the qualification that in some limited situations it may be more feasible and realistic to implement new initiatives on a statewide basis.*

**Recommendation 3**

*DHS supports this recommendation.*

**Recommendation 4**

*DHS notes the significant research and analysis undertaken in recent years to understand and address the needs of children and young people in care. The research to be undertaken by Take Two will further strengthen this knowledge base.*

**Recommendation 5**

*DHS supports this recommendation.*

## 4.3 Was implementation of the initiatives soundly planned and actioned?

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### 4.3.1 Criteria

In assessing whether implementation of the 4 initiatives was soundly planned and then actioned, we examined whether DHS had:

- set timelines and milestones
- consulted adequately with key stakeholders
- clearly defined roles and responsibilities
- assessed the capacity of CSOs and its own regional offices
- put in place appropriate governance arrangements.

### 4.3.2 Timelines and milestones

Specifying timelines and milestones for setting up new initiatives is important because it increases the likelihood of implementation being achieved as planned.

We found that DHS had specified timelines and milestones for the implementation of all 4 initiatives. These were included in project briefs and implementation plans.

With 2 exceptions, individual initiatives were implemented according to the specified timelines and milestones:

- 2 of the initial 8 Innovation projects were slow in being implemented because participating CSOs needed more time to set up effective management and governance structures.
- the implementation of Take Two was protracted. Funding for the initiative was announced in May 2002, the successful tenderer was appointed in May 2003 (original estimate December 2002), and services commenced in January 2004 (original estimate February 2003). Over this period, DHS had to develop tender specifications, assess submissions and appoint a service provider. The provider had to recruit and train staff, find office locations and liaise with DHS.

Based on discussions with staff from CSOs and regional DHS offices, we consider that DHS underestimated the complexity and time required for implementing the Innovation projects. The initiative involved delivering services that required changes in the work practices of child protection workers and CSO staff. It was not evident that DHS had considered all of these factors, nor was it evident they had consulted with the sector on its implementation timelines.

For Take Two, we consider DHS underestimated the time needed to set up a new statewide service, and recruit and train suitably-qualified and experienced staff.

### Linking new and existing projects

Some initiatives are strongly interdependent with concurrent DHS projects. These links need to be identified and considered at the planning stage and require coordinated management.

For example, Take Two and Looking After Children are closely linked to a new client information system (CRIS/CRISSP)<sup>10</sup>, to be introduced across the state in November 2005. DHS and CSOs will be able to access Looking After Children records through this system. The Take Two referral tool has been built into CRISSP and is currently being pilot tested by DHS. Any delays in implementing these new information systems have the potential to impact on Take Two and Looking After Children in terms of accessing and monitoring case management information.

### 4.3.3 Adequate stakeholder consultation

Adequate consultation with key stakeholders is critical when planning and implementing initiatives because it helps build greater understanding and support.

We found the extent to which DHS engaged with key stakeholders during planning and implementation of the 4 initiatives varied.

Looking After Children was widely considered by the CSOs to be an exemplar of effective stakeholder engagement by DHS. Two-thirds of CSOs surveyed said they were either “satisfied” or “very satisfied” with its implementation.

During the planning of Looking After Children, DHS set up a statewide reference group and regionally-based implementation groups (known as Regional Implementation Groups). All groups included CSO and DHS representatives and, during implementation, DHS actively consulted with them. This approach was seen by CSOs to underpin the successful implementation of Looking After Children, and to provide a model for other initiatives.

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<sup>10</sup> The Client Relationship Information System (CRIS) is a new client information and case management system designed to support work undertaken with clients by case workers in Child Protection, Juvenile Justice, Disability Services and Early Childhood Intervention Services. The Client Relationship Information System for Service Providers (CRISSP) is a client information and case management system designed to assist staff from CSOs to improve services to clients. Features include the creation and maintenance of electronic client records and access to service-related information.



*Looking After Children is a case management framework introduced in 2003.*

Figure 4D provides further details of how the Regional Implementation Groups were set up and run. It shows how a carefully devised consultation model can build strong project support.

**FIGURE 4D: ROLE OF REGIONAL LOOKING AFTER CHILDREN IMPLEMENTATION GROUPS**

Each DHS region established a Regional Implementation Group to help CSOs implement Looking After Children. Group members are senior managers from DHS, and CSOs who lead and guide implementation of the initiative in their region.

Each group was responsible for preparing a joint DHS and CSO regional implementation plan and for distributing centrally-allocated funding for regional implementation. Groups managed the regional Looking After Children training program and were responsible for compiling data to monitor the use of Looking After Children processes and tools.

The groups continue to be a forum for sharing good practice and managing practice change. More than 2 years after their establishment, the groups are still supporting the ongoing implementation of Looking After Children in each region.

*Source:* Victorian Auditor-General's Office.

In contrast, CSOs believed that insufficient time was allowed by DHS to discuss implementation issues for Take Two. The success of any initiative will be reflected in the quality of communication between DHS and CSOs.

#### 4.3.4 Clearly defined roles and responsibilities

Clearly defined roles and responsibilities are the basis for accountability and collaboration between CSOs and central and regional DHS offices during the life of an initiative.

Across the 4 initiatives, we found a consistent approach to the allocation of roles and responsibilities. Specifically:

- central project teams were responsible for overseeing the initiatives across the state
- regional DHS offices provided operational management and support
- CSOs, consortia and other service providers were responsible for delivering the initiatives.

Respective responsibilities were specified in project briefs, service agreements and contracts. These related to management and governance of the projects, and delivery of services to meet set targets.

#### Cross-jurisdictional collaboration

Effective collaboration across jurisdictions is needed for initiatives to achieve the best outcomes for children and young people.

Three of the 4 initiatives required collaboration with a number of DHS program areas including Mental Health, Child Protection and Housing. Further collaboration took place with other government departments, such as the Department of Education and Training.

Figure 4E shows who was involved.

**FIGURE 4E: INTER- AND INTRA-JURISDICTIONAL COLLABORATION**

Initiative	Department/service
Innovation projects	Networks of community-based services (a)
Looking After Children	Department of Education and Training
Take Two	Child and Adolescent Mental Health Services and Centre against Sexual Assault.

(a) Each Innovation project is supported by a service network comprising child protection services, community-based agencies (including Family Support, Maternal and Child Health, Drug and Alcohol, Family Violence, Mental Health) as well as local government, schools and police.

Source: Victorian Auditor-General's Office.

We found that collaboration with services (both inter- and intra-departmental) has proven to be challenging, particularly for the Innovation projects and Take Two.

### *The Innovation projects*

The Innovation projects introduced a model of joint governance and collective ownership of performance targets. This required many of the service providers involved to make significant shifts in culture and practice.

In planning for implementation of the Innovation projects, DHS expected that CSOs would work collaboratively as part of a wider network of service providers. To assist with this expectation, DHS funded a project management position for 18 months to provide support to the networks. DHS also provided training and funding for a community-based child protection worker. This person's job includes promoting understanding of the role of Child Protection and Family Services Divisions among CSOs.

Despite these challenges, CSO and regional DHS staff indicated that the Innovation projects were strengthening local networks across a range of services. Some staff commented that the Innovation projects have:

- strengthened local networks by improving the links between CSOs and those responsible for notifying child protection services
- improved integration between services, enabling a wider range of responses. However, communication and education remain difficult
- increased the sophistication of family support, produced innovative responses, and seeded the development of strong partnerships. It has brought more resources and more workers to the CSOs.

The independent evaluation of the first 8 Innovation projects, completed for DHS in November 2004 found that participating agencies were experiencing significant increases in service cooperation and coordination<sup>11</sup>.

### *Looking After Children*

Implementation of Looking After Children involves collaboration with the Department of Education and Training. A partnering agreement, established separately to the implementation of Looking After Children, aims to ensure both parties work cooperatively to improve educational experience and outcomes of children and young people in Out of Home Care.

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<sup>11</sup> Department of Human Services 2004, *Innovation Projects Evaluation, Interim Stage 2 Report*, report prepared by S Thomas, School of Public Health, La Trobe University, Melbourne.

One aspect of this agreement involves the joint preparation of an individual education plan that sets out the strategies to address the particular educational needs of a child or young person in care. Looking After Children processes and records aim to promote the completion of these plans and seek to encourage stronger relationships between DHS, CSOs and the Department of Education and Training.

#### *Take Two*

This initiative requires considerable collaboration between Take Two and other mental health service providers, CSOs and DHS.

DHS staff indicated that the collaborative relationship between Take Two and Child and Adolescent Mental Health Service staff is working particularly well in the Southern metropolitan region. Staff conduct joint assessments and have developed referral pathways to identify the best service to meet children's specific needs.

### 4.3.5 Assessment of capacity

A realistic evaluation of organisational culture and available resources is critical to successful change management. This should be done alongside an assessment of potential barriers and risks to change. For example, the desire for change must be balanced with understanding about organisational capacity: how great will the impact be on those responsible for introducing changes to service delivery and practice?

In planning the implementation of the 4 initiatives, DHS undertook limited analysis of its own capacity, and that of CSOs.

Specifically, insufficient attention was given to:

- whether CSOs could assume new and extra responsibilities while continuing to maintain service delivery responsibilities
- the level of support needed to both start up and sustain the initiative
- whether regional DHS and CSO staff had the resources and skills to do the required tasks and to adopt new practices
- how much time CSO staff needed to adapt to new governance structures and work practices.

We acknowledge that DHS has to balance capacity assessment against the effective use of government funding. Nevertheless, we consider it has ultimate responsibility for ensuring services are delivered as needed, and to the required standard.

Some CSOs felt they have a strong capacity to manage and drive change; others were less confident of their capacity. Most agreed that larger agencies have more capacity to manage the changes than smaller agencies. One CSO suggested that DHS needed to develop (in consultation with the sector) a change management strategy with an annual progress report to the sector. The same CSO added that DHS needed to provide specific assistance to smaller agencies.

Another CSO commented that it, and other CSOs delivering Out of Home Care services to Aboriginal children, did not have the capacity to participate in the reform process while still delivering services. Further, the Victorian Aboriginal Child Care Agency<sup>12</sup> considers that the government needs to build the capacity of the Aboriginal Out of Home Care system (this is discussed further in Part 5 of this report).

### Funding

DHS has provided funding to those CSOs responsible for delivering Innovation projects and Take Two services, and for setting up the Looking After Children and the Quality Assurance Strategy initiatives. Funding was not available to CSOs to support these 2 latter initiatives beyond set up. In the case of Looking After Children, DHS considers that this framework is a better way of undertaking the core responsibilities of planning and case management. While the CSOs were advised of this at the outset, lack of ongoing funding beyond set up could impact on the long-term sustainability and effectiveness of the initiatives.

In 2005, DHS provided some funding for each of its regions to employ a project worker for 12 months to help embed Looking After Children and the Quality Assurance Strategy and to further support the Partnering Agreement and the Regional Partnership Planning Initiative processes<sup>13</sup>.

CSOs considered that DHS did not recognise what was required to implement change. They held a strong view that the initial training was not followed-up with adequate support to implement new services and ways of working. CSO comments include:

- “... without adequate support there is a loss of momentum ... we are not resourced properly to make the changes”.

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<sup>12</sup> The Victorian Aboriginal Child Care Agency is the largest Aboriginal child and family welfare agency in Victoria representing the interest of the Aboriginal community.

<sup>13</sup> Regional Partnership Planning Initiative funding supports regional partnership structures that include Looking After Children coordination and Quality Assurance Strategy funding for internal reviews by CSOs support Looking After Children processes.

- “the service sector is limited in [its] capacity to transform Out of Home Care without significant injections of funding. For example, the Innovation projects are viewed as being very well resourced, however, the expectations are extremely high (in terms of numbers of extremely challenging clients serviced) and diverse (in terms of community education, centralised intake system and involvement of service sector in the initiative)”.

In March 2001, DHS commissioned a study of the financial viability of those CSOs funded to provide residential care, with a particular focus on the sustainability of their services. The study concluded that agency capacity cannot be assessed only in financial terms, but must also consider other factors such as the skills and experience of staff, the increasing complexity of the needs of children coming into care, and infrastructure costs<sup>14</sup>.

More recently (December 2004), DHS completed a study that provides an overall assessment of the financial viability of all CSOs funded to deliver Out of Home Care services over a 6-year period to June 2004. The study did not extend to assessing whether CSOs have sufficient staff with appropriate skills and experience to effectively sustain the ongoing implementation of initiatives<sup>15</sup>. Given that CSOs are funded to deliver Out of Home Care services on behalf of DHS, we would expect DHS to have periodically undertaken such assessments. We note that some work is now being undertaken in this regard (further comment on this is provided in Part 5 of this report).

#### 4.3.6 Appropriate governance arrangements

##### Performance monitoring

To monitor how well a program or service is meeting its aims and objectives, information needs to be collected regularly. Ongoing performance measurement is a way of getting answers to key questions, such as: What results has the program achieved? How well has the program performed over time?

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<sup>14</sup> Department of Human Services (Community Care Division) 2001, *Community Care Services – Viability Study*, report prepared by Success Works, Department of Human Services, Melbourne.

<sup>15</sup> Department of Human Services (Community Care Division) 2004, *Agency Financial Analysis, Draft Report*, Department of Human Services, Melbourne.

We found that DHS monitored the implementation of the 4 initiatives through:

- briefings to the minister and Office for Children executives
- statewide and regional reference groups that included DHS and CSO representatives.

Figure 4F shows the indicators in place to measure the performance of the key initiatives.

**FIGURE 4F: PERFORMANCE INDICATORS FOR THE KEY INITIATIVES**

Initiative (a)	Performance indicators
Innovation projects	Reduction in the number of notifications (b)
Looking After Children	Use of project tools and processes
Take Two	Increase in number of children receiving services

(a) Performance indicators for the Quality Assurance Strategy have not yet been developed.

(b) Under the Children and Young Person’s Act, specific professional groups are mandated to “notify” suspected cases of child abuse to child protection services. These include police, general practitioners, nurses, teachers and principals.

Source: Victorian Auditor-General’s Office.

Although performance targets were developed for the Innovation projects and Take Two, DHS was unable to demonstrate that its rationale was soundly based. For example, there was no consultation with CSOs on what they regarded as achievable and within their control.

Given DHS’ lack of attention to this, it was not surprising that regional DHS, CSO and program staff raised concerns about the validity<sup>16</sup> and appropriateness<sup>17</sup> of the performance targets. For example:

- CSOs participating in the delivery of an Innovation project, expressed concern that the performance targets were “difficult to achieve” and “were holding CSOs responsible for things not within their control”
- staff from 3 of the 4 DHS regional offices that we visited expressed concern about the validity of their performance indicators for Innovation projects
- discussions with Take Two staff indicated that the performance target may be inappropriate because of the complexity of the problems experienced by the children for whom the service was designed. Not every child will have the same level of need. One severely disturbed child, for example, may require the level of services and resources needed by 5 less-disturbed children.

<sup>16</sup> Validity refers to whether the performance targets are an accurate and reasonable measure of the effectiveness of the initiative.

<sup>17</sup> Appropriateness refers to whether the performance targets are a realistic measure.

An evaluation of the first 8 Innovation projects, completed for DHS in November 2004, highlighted similar concerns. In general, project staff questioned the validity and acceptability of the targets, regarding them as too high. The validity of using notifications data as the major performance indicator was also questioned by project staff. The use of notifications does not reflect the actions of the agency being monitored. Instead, it reflects the actions of individuals who are making the notifications, most of whom are not part of the Innovation projects<sup>18</sup>.

In response, DHS intends to review the validity and appropriateness of its targets for the Innovation projects. This will include reviewing actual performance against targets for the 2 and a half years that the projects have been operating.

### Continuous improvement

In addition to formal monitoring of the initiatives, DHS and CSOs have shared good practice through various forums and workshops. Examples include:

- Workshops on engaging with “hard-to-reach” clients for Innovation projects. The workshops highlighted promising approaches and successful strategies, and documented examples of good practice. To date, 3 workshops have been held.
- Looking After Children forums to discuss examples of good practice. In recognition of staff achievements, a person from each of the 9 DHS regions, and an Aboriginal and Torres Strait Islander representative, were awarded funding to attend an international Looking After Children conference held in Canada in August 2004.
- CREATE<sup>19</sup> workshops with young consultants who have developed a series of questions for Quality Assurance Strategy reviews aimed at obtaining feedback from children and young people on their experiences with Out of Home Care services.

### Evaluation framework

Systematic evaluation is an important way of assessing whether initiatives or programs are achieving their aims. It is a way of deciding which activities and policies have the greatest impact and represent best value-for-money.

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<sup>18</sup> Department of Human Services 2004, *Innovation projects Evaluation, Interim Stage 2 report*, report prepared by S Thomas, School of Public Health, La Trobe University, Melbourne.

<sup>19</sup> The CREATE foundation (formerly the Australian Association of Young People in Care) is a national organisation established as a voice for children and young people in care.

Figure 4G shows the processes that DHS has set up to evaluate the Innovation projects and Take Two.

**FIGURE 4G: DHS' EVALUATION PROCESS FOR INNOVATION PROJECTS AND TAKE TWO**

Initiative	Evaluation process
Innovation projects	<p>An evaluation strategy will assess the overall impact of individual Innovation projects 2 years after implementation. It will:</p> <ul style="list-style-type: none"> <li>• review Child Protection system activity data within areas targeted by Innovation projects and report on the performance of the projects against set targets</li> <li>• report on the development and implementation of outcome measures for children and families who receive services from Innovation projects</li> <li>• measure changes to service coordination and cooperation among agencies delivering projects</li> <li>• identify effective strategies for engaging vulnerable families and hard-to-reach children and young people.</li> </ul>
Take Two	<p>The consortia responsible for Take Two's implementation has established a 3-year research and evaluation strategy to assess how the initiative:</p> <ul style="list-style-type: none"> <li>• contributes to understanding the nature of the client group and the issues confronting them</li> <li>• contributes to identifying effective forms of intervention for the client group</li> <li>• improves outcomes for children and young people</li> <li>• engages with the existing service system to achieve improved outcomes for clients<sup>20</sup>.</li> </ul>

Source: Victorian Auditor-General's Office.

DHS has not developed a formal evaluation framework for Looking After Children. It is, however, monitoring the extent to which Looking After Children records are being used, who is participating in the process, and whether information is being exchanged between DHS and CSO staff.

While this is one way to assess if implementation has been effective, it does tell us whether Looking After Children is having a positive impact on case management and practice and – most critically - whether it contributes to improving outcomes for children and young people. One way of doing this would be to measure whether Looking After Children resulted in identification of a child or young person's needs, subsequent referral to appropriate services and timely provision of those services.

### Risk management

Risk management is the “systematic application of management policies, procedures and practices to the tasks of identifying, analysing, evaluating, treating, monitoring and reviewing risk”<sup>21</sup>.

<sup>20</sup> Department of Human Services 2004, *Take Two program, Research and Evaluation Strategy*, report prepared by S Thomas, M Frederico and D Green, La Trobe University, Department of Human Services, Melbourne.

Risk management is an integral component of good governance. An holistic approach to identifying and managing risk is built on a risk assessment culture. This means that risk management should be a core part of an organisation's planning and implementation processes.

We found that DHS did not establish formal risk management processes as part of its planning for the 4 initiatives. Nor did it systematically monitor the risks to delivery of the initiatives. Instead, DHS used regional and statewide reference groups to identify and manage potential challenges as initiatives were set up.

We note that the project brief for the Quality Assurance Strategy includes a section on risk management, and identifies potential risks and mitigation strategies. We did not, however, find any evidence of formal mechanisms or processes to systematically monitor those risks.

#### 4.3.7 Conclusion

We consider that implementation of the 4 key initiatives was soundly planned and actioned in several respects. However, implementation has not been satisfactorily planned and actioned for 2 critical aspects: assessing capacity and identifying risks.

While DHS provided funding for the initiatives, it did not adequately assess whether CSOs had the necessary skills to implement and sustain new service delivery requirements and practices while continuing to provide existing services. This shortcoming is compounded by DHS' failure to formally identify and address potential risks to implementing the initiatives.

As a result, new services may not be delivered to the required standard - or even discontinued. Thus, DHS faces the risk of not optimising the use of the funds already applied and, ultimately, resulting in less than satisfactory outcomes for children and young people.

DHS has not yet developed a formal evaluation framework for Looking After Children. This initiative underpins the planning and management processes for children and young people in care and requires a high level of time and effort by a range of people. Given this, it is important that DHS establish an evaluation framework to assess whether the initiative is achieving its intended aims. This should include measuring its contribution to improving outcomes for children and young people in care.

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<sup>21</sup> Joint Standards Australia/Standards New Zealand Committee, Risk Management, *Australian/New Zealand Standard, Risk Management*, Standards Australia International and Standards New Zealand, Australia and New Zealand, 2004, p. 5.

## Recommendations

6. That DHS assess the impact of all reform initiatives on the capacity of CSOs to assume new and extra service responsibilities while continuing to maintain existing services. This should be done when pilot testing new initiatives.
7. That DHS regularly review, in consultation with CSOs, its performance indicators for reform initiatives to ensure that they are an accurate and reasonable measure of efficiency and effectiveness, and that the related targets are soundly based.
8. That DHS ensure all reform initiatives have an adequate evaluation framework to assess whether they are achieving their intended aims.
9. That DHS establish a formal risk management process as part of its planning and implementing of all reform initiatives.

*RESPONSE provided by Secretary, Department of Human Services*

### **General comment**

*The report has failed to fully recognise the extensive consultation that has been a key aspect of the reform process or the limitations to consultation and collaboration which are acknowledged by the “Collaboration and consultation protocol for the Department of Human Services and the health, housing and community sector”.*

*DHS disagrees that the reform initiatives are not clearly linked to strategic directions.*

### **Section 4.3.5, paragraphs 1-5**

*The importance of capacity assessment is acknowledged and work currently under way on the Family and Placement Services Sector Development Plan is examining sector capacity in terms of both staffing needs; funding models; and physical and systems infrastructure.*

*DHS agrees with the audit’s observation of a varying capacity to manage change across organisations. DHS also agrees that the capacity of Aboriginal and smaller organisations requires particular consideration.*

*RESPONSE provided by Secretary, Department of Human Services  
- continued*

**Section 4.3.7**

*DHS agrees that a stronger approach to capacity assessment and risk identification in future will strengthen the ongoing reform process. Work already under way with the Family and Placement Services Sector Development Plan will inform capacity assessment and risk identification.*

**Recommendation 6**

*DHS supports this recommendation and notes that work under way on the Family and Placement Services Sector Development Plan will assist with this process.*

**Recommendation 7**

*DHS supports this recommendation and notes that just such a review is currently under way with regard to Take Two and the Family Support Innovations Projects.*

**Recommendation 8**

*DHS supports this recommendation.*

**Recommendation 9**

*DHS supports this recommendation.*

**Further comment by the Auditor-General**

*Part 3 of the report acknowledges that DHS consulted extensively with key stakeholders on the audits and reviews it undertook of Out of Home Care. This part of the report focuses on DHS' consultation with key stakeholders around the formulation, planning and implementation of 4 key reform initiatives, not consultation around the reform process.*

*The audit found that DHS did not document or publicly communicate the link between the strategic directions and the existing reform initiatives until around 3 years after the first initiative had been implemented.*

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5. Has the reform of  
Out of Home Care  
been strategically  
planned and  
effectively  
managed?



## 5.1 Introduction

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In Part 4 of this report, we examined the operational component of the reform process and assessed how well DHS had planned and implemented 4 key reform initiatives. Here, we examine how well DHS has carried out the strategic component of this process by examining its approach to planning and managing the overall change process or reform program.

By reform program we mean the entire suite or range of reform activities or initiatives that DHS has implemented. This includes new services and programs (such as Take Two), changed work practices (such as Looking After Children), legislation revision and key appointments (such as the Advocate for Children in Care).

### 5.1.1 The complexity and challenge of reform

The delivery and management of major change or reform to a service system is a complex and challenging task.

Successful reform of the Out of Home Care service system requires DHS to:

- coordinate the ongoing implementation of a range of new services, programs and changes in work practices (some of which are statewide) while ensuring the ongoing provision of services to children and young people
- consult with all key stakeholders throughout the change process, including children and young people
- balance the need to address issues of immediate concern (such as improved quality of care) with issues where improvements will not be immediate (such as early intervention and prevention)
- anticipate the effect of revisions to the legislation on the reform program
- collaborate with other divisions and departments in order to provide a comprehensive response to the needs of children and young people
- operate within a resource-constrained environment that is driven by annual budget cycles and competing government priorities.

We recognise that not all of these requirements are directly under DHS' control. Its ability to effectively deliver the required changes is partly dependent on the effective collaboration of other divisions and departments, and on competing government priorities that impact on funding allocations.

Notwithstanding these complexities and challenges, we expected that DHS would have:

- adopted a *strategic* approach to planning and managing the reform of Out of Home Care
- ensured all key elements of the Out of Home Care service system were identified and addressed.

## 5.2 Has there been a strategic approach to planning and managing the reform?

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To find out whether DHS has adopted a strategic approach to planning and managing the reform of Out of Home Care, we examined whether:

- an overarching framework or strategic plan had been developed
- key strategic directions had been formulated and reviewed
- the overall change process or reform program had been overseen and strategically managed (including the use of sound planning processes and systematic project management).

### 5.2.1 Development of a strategic plan

Fundamental to successful change management is the development of an overarching framework or strategic plan that provides a clear description of the change journey and the intended outcomes within a specified time period.

A sound strategic plan is not static or prescriptive, but flexible and responsive to inevitable system changes. Key components of a strategic plan include the:

- mission statement or long-term vision and broad principles that establish the “roadmap” for change
- strategic directions that indicate the prioritised areas for change, and which reflect the vision and principles
- work plan that outlines the initiatives needed to achieve the desired outcomes.

A strategic plan should be:

- developed in consultation with key stakeholders
- supported by a detailed implementation or action plan which sets out the sequencing of initiatives and their interdependencies, timelines, milestones and estimated resources
- regularly reviewed and evaluated in consultation with stakeholders, with oversight by senior management.

A strategic plan enables 3 key questions to be answered:

- where are we now and where do we want to be? (formulation phase)
- how will we get there? (implementation phase)
- how well did we do? (evaluation phase).

In reforming Out of Home Care, it is important to develop a strategic plan to:

- provide a clear statement of the reform aims, objectives and expected outcomes to help strengthen the support of key stakeholders
- serve as a framework for monitoring and evaluating the progress and effectiveness of reform initiatives
- provide a basis for policy and service development so that improved outcomes for children and young people are achieved
- support and strengthen the timely delivery of appropriate, coordinated and holistic responses to the needs of children and young people
- encourage the development of initiatives that are based on strong evidence and, therefore, effective in addressing the needs of children and young people
- promote collaboration across government agencies and between the government and non-government sectors so that responses to children and young people are improved.

### 5.2.2 Evidence

DHS has approached the reform of Out of Home Care on an initiative-by-initiative basis without first developing an overarching framework or clearly articulated strategic plan.

DHS advised us that it does not view the reform of Out of Home Care as a finite process with a clear beginning and end. For DHS, it is an iterative process that has evolved through annual budget cycles and needs to be adapted as new issues emerge over time. Further, DHS considers that as the budget process does not provide certainty regarding the allocation of long-term funding, this inhibits the usefulness of it undertaking strategic long-term planning.

This initiative-by-initiative approach has been driven by the findings and recommendations of individual audits and reviews of the Out of Home care system (as outlined in Part 3 of this report). DHS' response has been to develop and implement specific initiatives to address particular recommendations on areas identified as needing improvement. Although these initiatives are appropriate and targeted, they have been developed in isolation from one another and not in the context of whole of system priorities.

Notwithstanding the nature of the operating environment, we expected that DHS would adopt a strategic approach to the reform of Out of Home Care. This would involve treating the findings and recommendations of these audits and reviews as individual and interconnected pieces of a larger picture. The development and implementation of initiatives would then be driven from a strategic, long-term and system-focused consideration of these findings (including their relative prioritisation) rather than from a short-term focus within the context of a given audit or review. Importantly, a strategic approach to reform would help ensure the long-term viability or sustainability of the initiatives and, ultimately, improve outcomes for children and young people in care.

The results of our survey of CSOs and discussions with CSO staff and key stakeholders confirmed a *lack of clarity and understanding* about the broader reform program, including the expected outcomes:

- “what’s missing is a clear coherent statement of where we want to be, by when and prescriptive ways to get there”
- “there is a lack of a clear picture of what we are trying to achieve for children and young people in care. We need to be clear on what we want for these children so we know when this is not being achieved, when to intervene and what we are aiming to achieve with these young people. There is no clear consensus on these matters”
- “we do not believe that there is a clear agenda of reform that is clearly and comprehensively articulated at central office and regional level. We do not see an agenda supported by a long term strategic funding plan that allows for and supports real long term change”
- “the changes to a large degree appear to be reactive and are often based on an issue or an identifiable risk that has been identified in the sector. The problem with this approach is that as another more pressing or public issue appears and a broad response is required then the existing initiatives fall off the priority list and all the hard work and commitment can be threatened”.

The consequences of an initiative-by-initiative approach to reform were identified in *Pathways to Partnership* (2003), one of the major reviews of Out of Home Care commissioned by DHS. The review concludes that while these initiatives have enormous potential they require a strategic framework for that potential to be reaped. They also need a collective ownership of directions and goals.

The recently published Panel Report on the Child Protection Outcomes Project (2004) noted that such an approach to reform has “produced initiatives in a disjointed fashion”, with no clear articulation of how these different initiatives are interconnected or how they are going to result in system changes. The Report also states that, “not enough attention has been given to the necessity of changing systems, attitudes and culture to sustain the initiatives over the long term. They become a patchwork of good ideas ...”<sup>1</sup>.

Our survey results and discussions with CSO staff and key stakeholders confirmed this view:

- “we have some great initiatives, but need the systemic approach to bring together as an effective service system”
- “it seems more like a list of partly unconnected things rather than a comprehensive reform agenda”
- “[the] Out of Home Care system is too disjointed and recent attempts to improve it have been piecemeal ... [DHS] never look at the whole picture, just a bit at a time”
- “what we see and experience is a range of well-intentioned but unconnected initiatives that are designed to improve the Out of Home Care system, but they run in parallel and consume many current resources (DHS and agency) and, as a result, challenge the commitment, enthusiasm and, ultimately, the success of the initiatives”.

The Minister for Community Services<sup>2</sup> in March 2004, acknowledged the lack of connectedness between initiatives and their contribution to system changes in her response to *Pathways to Partnership*: “... I think it is fair to say that what is lacking is a unifying framework which ties this work together; which clearly identifies those gaps where work that is needed is not occurring; and which identifies what is needed if this work is to be effective in the longer term”<sup>3</sup>.

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<sup>1</sup> Department of Human Services 2004, *The report of the panel to oversee the consultation on Protecting Children: The Child Protection Outcomes Project*, report prepared by A Freiberg, P Kirby and L Ward, Department of Human Services, Melbourne.

<sup>2</sup> From December 2004, the minister’s title was changed to Minister for Children in line with the establishment of the Office for Children (formerly the Community Care Division).

<sup>3</sup> Ministerial Advisory Committee 2004, *Response to Pathways to Partnership*, Department of Human Services, Melbourne.

This acknowledgement has subsequently led DHS to develop a Sector Development Plan in collaboration with CSOs. This 12-month project established in July 2004, aims to identify current and future challenges facing the sector and the required actions to address these. Development of the plan is overseen by a steering committee, with 5 working groups addressing components of the plan. These include scenario planning, work force planning, funding models and viability, systems governance and performance monitoring and physical and systems infrastructure. We note that all working groups were expected to complete their substantial work program by July 2005. Completion has now been extended to October 2005.

While development of the Sector Development Plan is a positive step, we expected DHS to acknowledge that the absence of a unifying framework meant that there was a need to develop an overarching framework or strategic plan. This would then drive the implementation of initiatives and require an outcomes focus to bring about long-term benefits for children and young people in care.

### 5.2.3 Formulation and review of strategic directions

In developing a strategic plan to manage the reform of a service system, strategic directions must be formulated and communicated to key stakeholders.

Strategic directions help define the way forward by setting out prioritised areas for change. Specific initiatives are then developed in light of these key directions.

*Well-formulated strategic directions* are based on a comprehensive analysis of all available evidence about the issues and challenges facing the system. They should also be developed in consultation with key stakeholders because this helps to confirm the priorities and ensure support.

Clearly communicating why particular strategic directions have been chosen and others have been ignored (and the consequences of this) is also critical. It reassures everyone involved that the strategic directions address the major issues. It also gives confidence that subsequent initiatives (tied to those strategic directions) offer the best possible chance of achieving the expected outcomes.

While the initial formulation stage is crucial, 2 further actions are required: a gap analysis to ensure the identified strategic directions are the right ones, and a review process to ensure those strategic directions remain relevant throughout the life of the reform program.

*A formal gap analysis* reassures stakeholders that all key issues facing Out of Home Care have been identified. It is a way of checking that the strategic directions have captured all key issues. Such analysis also gives a sound evidence base for setting priorities and developing and funding initiatives.

*An ongoing review process* means that, once formulated, strategic directions will be revisited on a regular basis. They can then be weighed up against any changes in the issues impacting on the priorities for Out of Home Care. This is critical in ensuring that the strategic directions remain aligned with areas of greatest need.

#### 5.2.4 Evidence

We found that DHS did not have a process for formulating the key strategic directions at the outset of its reform of Out of Home Care.

We expected that DHS would use the findings and recommendations of its various assessments of the Out of Home Care system to inform the development of strategic directions. Instead, as outlined earlier, it used this work to drive the development and implementation of a range of initiatives within the context of the individual assessments of Out of Home Care.

It was not until December 2004 that DHS documented and publicly articulated its 6 broad strategic directions for Out of Home Care in its publication, *Victoria's child protection placement and support system, Major initiatives 2000-2004*<sup>4</sup>. This publication also outlines how the strategic directions are linked to Out of Home Care program objectives and government policy, and provides a summary of the initiatives that have been implemented to date.

Those 6 strategic directions are:

- a primary focus on prevention
- improving client outcomes
- better quality care/quality assurance
- developing a more professional care system
- a stronger response to the needs of Aboriginal children, young people and their families
- better planning to strengthen the service sector.

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<sup>4</sup> Department of Human Services 2004, *Victoria's child protection placement and support system, Major initiatives 2000-2004*, Department of Human Services, Melbourne.

Collectively, these strategic directions aim to:

- reduce the number of children and young people who require child protection placement and support services
- reduce the duration and intensity of the services required by those who do access the system
- initiate better planning and quality of services and, in turn, improve outcomes for children and young people involved in the system.

In not documenting or publicly articulating its strategic directions until 2004, DHS has, in effect, worked backwards. That is, it has implemented a range of initiatives and *then* articulated the broader theme or strategic direction reflecting those initiatives. Looking After Children, for example, was identified as falling under the strategic direction of “Improving client outcomes”. The delay in publicly articulating the strategic directions impacts on DHS achieving the cooperation and collaboration of the non-government sector upon which it relies to deliver the reform initiatives.

We found that DHS did not conduct a formal gap analysis to ensure all the priority issues identified in the audits and reviews were reflected in its strategic directions. Nor did DHS analyse the consequences of not including certain issues or recommendations in formulating the strategic directions.

Instead, DHS relied on its annual budgetary process to identify and rank priority issues for Out of Home Care. This process culminates in a submission for funding to government. Such decisions were also made without the benefit of a strategic plan that identified how those priority issues linked to whole-of-system reform and the associated risks of not taking action.

Since July 2003, DHS has strengthened its capacity to (1) identify gaps in addressing key areas identified in the audits and reviews of Out of Home Care and (2) prioritise recommended actions. In particular, the Ministerial Advisory Committee on Child and Family Support, comprising key government and non-government stakeholders, has a role that includes:

- identifying further opportunities and gaps in the reform of Out of Home Care
- providing advice to the minister on the uptake of recommendations from individual reviews and assessments of Out of Home Care.

### 5.2.5 Oversight and strategic management of the change process

Good practice for successful change management requires strategic management of the overall change process or reform program. Strategic management helps promote a long-term focus and a more proactive and coordinated approach to change, rather than a short-term and reactive approach. To achieve successful and sustainable change, management efforts cannot be solely focused at the operational level for individual initiatives.

We consider that oversight and strategic management of the overall reform program itself is vital for 3 reasons:

- Out of Home Care is a complex system with many interdependencies
- many of the identified issues and problems are - to a significant degree - signs of system weaknesses
- many of the identified issues and problems have been of concern for some time - for example, the declining availability of foster families, quality of care, work force planning and performance monitoring.

Strategic management of the overall change process or reform program should, therefore, be underpinned by sound planning processes and supported by a structured and systematic project management approach. This includes formalised project plans, clear roles and responsibilities, an assessment of capacity to change (and likely risks) and appropriate accountability mechanisms.

### 5.2.6 Evidence

DHS does not recognise the reform program itself, that is, the entire suite of reform activities or initiatives. Instead, it regards reform of Out of Home Care as a series of individual initiatives, each supported by appropriate planning and management processes.

CSOs considered that DHS did not recognise what was required to implement change at a strategic level:

- “One of the areas they [DHS] struggle with is change management strategy. They feel if you have done the analysis and put something out then you just get on with it.”
- “Everyone is always at such capacity in this field, both government and non-government workers, therefore it is difficult to adapt to change.”

We expected that strategic management of the reform program would be underpinned by a structured and systematic project management approach. Figure 5A details the criteria for such an approach and the implications if not met.

**FIGURE 5A: CRITERIA FOR PLANNING AND MANAGING A REFORM PROGRAM AND IMPLICATIONS IF NOT MET**

Audit criteria	Implications if not met
<p>Formalised project plans</p> <p>Aims, objectives, expected outcomes are clearly defined</p> <p>Alignment with government policy</p> <p>Key priorities are identified</p> <p>Timelines specified</p>	<ul style="list-style-type: none"> <li>● No guide to implement or manage the reform program; lack of focus and accountability; lack of clarity for stakeholders</li> <li>● Unclear context and reduced ability to secure funding</li> <li>● Unfocused/wasted effort; scarce resources not allocated effectively; unable to manage stakeholder expectations</li> <li>● Difficult to manage inter-dependencies between initiatives, community expectations and human resource allocation; CSOs have difficulty planning work effectively</li> </ul>
<p>Roles and responsibilities</p> <p>Key stakeholders roles and responsibilities clearly defined</p> <p>Collaboration issues identified and addressed</p>	<ul style="list-style-type: none"> <li>● Effort duplicated; activities not completed; respective roles misunderstood</li> <li>● Ineffective/poor cooperation, coordination and collaboration between agencies; delivery of services not timely; needs of children not adequately met</li> </ul>
<p>Capacity to change</p> <p>Analysis of capacity to implement and manage required changes</p> <p>Risks to implementation and ongoing management of reform identified and managed</p> <p>Resources needed to implement reform identified</p>	<ul style="list-style-type: none"> <li>● Inefficient and ineffective use of resources; new services not delivered to required standard; risks to maintaining existing services</li> <li>● Reform program derailed</li> <li>● Reform program not successfully implemented across the sector</li> </ul>
<p>Accountability arrangements</p> <p>Governance structure in place to oversee how reform is implemented and managed</p> <p>Performance monitoring and reporting framework is in place</p> <p>A communications strategy for reform is in place</p>	<ul style="list-style-type: none"> <li>● Lack of accountability; implementation problems may not be identified in a timely manner</li> <li>● Success or otherwise of the reform program is not known or properly measured; timely information on progress of reform program is unavailable</li> <li>● Stakeholders who require knowledge or information may not have access to timely, accurate or relevant information</li> </ul>

Source: Victorian Auditor-General's Office.

Given that DHS does not recognise the broader reform program, we are unable to assess its performance against these criteria.

## 5.2.7 Conclusion

DHS has embarked on a major reform of the Out of Home Care system in the absence of an overarching framework or clearly articulated strategic plan. Not surprisingly, CSOs and other key stakeholders did not have a clear understanding of the aims and expected outcomes of the overall reform of Out of Home Care.

At the outset of the reform, DHS did not have a process to formulate strategic directions for reform of Out of Home Care. Nor did DHS have a process to review those strategic directions to ensure that they continued to reflect the key issues impacting on the priorities for Out of Home Care. As funding allocations were made for a range of reform initiatives without the benefit of clear strategic directions, DHS cannot be certain that it has identified and addressed priority areas. In turn, the potential to optimise improved outcomes for children and young people may have been compromised.

The Ministerial Advisory Committee on Child and Family Support is one promising way to ensure that all identified major issues facing Out of Home Care sector are acted on. It is also a potential mechanism to ensure that initiatives are aligned with the strategic directions.

DHS has not recognised the overall change process or reform program as a separate entity. Instead, it has approached reform on an initiative-by-initiative basis. Several reviews commissioned by DHS have noted that this approach has resulted in a series of unconnected initiatives with no clear link to the broader Out of Home Care system. Our discussions with CSOs and key stakeholders confirmed this view. DHS' planning and management efforts have been focused at the operational level (individual initiative) rather than at the strategic level (whole-of-system).

In this respect, DHS' approach has mirrored that of other states and territories who, as mentioned in Part 2 of this report, have faced (or are facing) similar problems with their equivalent Out of Home Care (alternative) systems. Focusing on the implementation of a range of initiatives alone has, in most cases, failed to bring about significant or sustained systemic changes. Two of the acknowledged contributing factors include:

- a failure to recognise alternative care as a system within the wider child protection system

- a lack of comprehensive forward planning, program management, and effective and strategic resourcing of the system<sup>5</sup>.

In embarking on subsequent major reform programs, at least 2 states have developed a strategic plan which outlines the broad vision for reform and the strategic directions to guide the implementation of specific initiatives<sup>6,7</sup>.

We acknowledge the difficult nature of the operating environment and that the reform of Out of Home Care is an iterative process. However, we consider that this does not obviate the need to adopt a strategic approach to reform of Out of Home Care. Such an approach is not static or prescriptive, but flexible and responsive to inevitable system changes. This approach would better position DHS to demonstrate the funding needed to achieve significant and sustained improvement to the service system.

In view of the acknowledged pressures currently experienced by the Out of Home Care service system, and its significant under-performance<sup>8</sup>, it is imperative that DHS gives urgent attention to adopting a more strategic approach to managing the reform of the service system.

Until a strategic plan is developed, and oversight and strategic management of the overall reform program is exercised, DHS cannot be assured that its available resources are being used efficiently and effectively. This means that its capacity to shift from a *fragmented and reactive* reform approach to a more *systematic and responsive* one, is significantly compromised. Such an approach will strengthen its capacity to provide an appropriate and accountable service system. Ultimately, this has greater potential to lead to improved outcomes for children and young people in care.

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<sup>5</sup> Community Services Commission 2000, *Inquiry into the practice and provision of Substitute care in NSW, New Directions – from Substitute to Supported Care, Final Inquiry Report*, Government Printer, Sydney.

<sup>6</sup> Department for Community Development 2002, *Care for Children and Young People, Strategic Framework, December 2002-June 2005*, Government Printer, Perth.

<sup>7</sup> Queensland Government (Families, Youth and Community Care) 2000, *Queensland Child Protection Strategic Plan, 2000-2003*, Government Printer, Brisbane; Queensland Government (Child Protection and Implementation Unit) 2004, *A Blueprint for Implementing the Recommendations of The January 2004 Crime and Misconduct Commission Report, "Protecting Children: An Inquiry into Abuse of Children in Foster Care"*, Government Printer, Brisbane.

<sup>8</sup> Department of Human Services 2003, *Pathways to Partnership: The final report of the Out of Home Care Partnership Case Study Review*, Department of Human Services, Melbourne.

## Recommendations

10. That DHS develop a strategic plan for reform of Out of Home Care, in consultation with key stakeholders, and specifies the expected outcomes.
11. That DHS regularly review the ongoing alignment of its strategic directions for Out of Home Care reform with the key issues facing the service system.
12. That DHS develop a clearly articulated management strategy to oversee the reform program which is supported by structured project management processes that include:
  - formalised project plans
  - defined roles and responsibilities of key stakeholders
  - assessment of its capacity to manage and that of service providers to implement the reform program, including risks to implementation and resources required
  - accountability arrangements, including measurement of reform outcomes.

*RESPONSE provided by Secretary, Department of Human Services*

### **Section 5.2**

*The rational planning approach advocated in the report is one approach, but it is not the only one – especially in the public sector.*

*The approach adopted by DHS, which has been based on evidence obtained through our extensive research and analysis; influenced by detailed consultation with a wide range of stakeholders; and implemented in partnership with the sector has followed a consistent and logical strategic direction. This direction has been clearly articulated in the 2004 publication “Victoria’s child protection placement and support system – major initiatives 2000-2004”.*

*The report does not provide any evidence of strategic conflict between the initiatives DHS has implemented in recent years.*

*RESPONSE provided by Secretary, Department of Human Services  
- continued*

**Recommendation 10**

*DHS believes that the approach adopted to the reform of Out of Home Care has been a strategic one. It will continue with the review of the legislative and practice base of the child and family support system (of which Out of Home Care is a distinct component); the Family and Placement Services Sector Development Plan; and the development of the State-wide Plan for Children. All of this work will be done in consultation with the Out of Home Care sector and other stakeholders.*

**Recommendation 11**

*DHS notes that the new governance arrangements being established post the establishment of the Office for Children will provide a sound structure for such review.*

**Recommendation 12**

*DHS notes that the new governance arrangements being established post the establishment of the Office for Children will provide a sound structure for provision of advice on the articulation of this strategy.*

## 5.3 Have the key elements of the service system been identified and addressed?

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As outlined in Part 2 of this report, a larger proportion of children and young people coming into Out of Home Care have increasingly complex, challenging and diverse needs. It is, therefore, critical that the service system can provide an effective response.

Key elements of an effective Out of Home Care system include standards of care and quality assurance mechanisms, adequate resourcing, flexible and responsive services, and appropriate accountability arrangements.

### 5.3.1 Criteria

In assessing whether DHS has identified and addressed the key elements of the Out of Home Care system, we examined whether:

- service standards were in place (including quality standards and assurance systems)
- mechanisms to assess the level of required resources for the reform program were in place

- coordinated and flexible processes were in place to ensure the delivery of responsive services
- an appropriate performance management and reporting framework was in place to ensure accountability for service delivery.

### 5.3.2 Service standards

Service standards are central to any service system as they set the minimum levels of service delivery.

Figure 5B summarises the status of DHS’ work to establish service standards against our audit criteria (expectations). It also lists the implications if not met.

**FIGURE 5B: SERVICE STANDARDS**

Audit criteria	Implications if not met	Status of work
Quality standards and assurance systems are developed	Poor service delivery not readily identified	Minimum standards of care in place and work has commenced on development of quality assurance system
Effective processes and practices are in place for assessment, planning and case management	Less certainty that the needs of children and young people are identified and adequately met	Looking After Children and components of the minimum standards of care address this need. Work is continuing.

Source: Victorian Auditor-General’s Office.

#### Quality standards and assurance

In 1996, our Office highlighted DHS’ lack of attention to measuring and monitoring quality of care in Child Protection Services, including Out of Home Care<sup>9</sup>. Several recent reviews of Out of Home Care have also highlighted this shortcoming<sup>10,11</sup>. In response, DHS has introduced a number of measures to address this, beginning with the introduction of minimum standards of care for children and young people in residential care (2002) and home-based care (2003).

Children and young people, carers and CSOs, were all very positive about the impact that the introduction of standards will have. Children and young people considered that it was important that, as service recipients, they were well informed about the standards, able to determine what was quality care, and that there was a way of ensuring the standards were met.

<sup>9</sup> Victorian Auditor-General’s Office 1996, *Protecting Victoria’s Children - The role of the Department of Human Services*, Government Printer, Melbourne.

<sup>10</sup> Department of Human Services 2003, *Public Parenting, A review of home-based care in Victoria*, Department of Human Services, Melbourne.

<sup>11</sup> Department of Human Services 2003, *Pathways to Partnership: The Final Report of the Out of Home Care Partnership Case Study Review*, Department of Human Services, Melbourne.

DHS advised us that it has commenced work, in collaboration with CSOs, on implementing a comprehensive quality monitoring framework that incorporates:

- an annual internal review and 3-yearly external review of compliance by CSOs with the minimum standards of care (known as the Quality Assurance Strategy, discussed in Part 4 of this report). These reviews have been supported by a comprehensive training program. The resulting data will establish a baseline from which CSOs can develop quality improvement initiatives
- a quality improvement process by all CSOs
- outcome indicators for children and young people in care to be used to develop benchmarks for monitoring future performance
- an assessment and case management process (Looking After Children, discussed in Part 4 of this report) and the new client information system (CRIS/CRISP) to facilitate collection of outcome indicator data.



*DHS has established minimum service standards for residential care and home-based care, and a framework to monitor compliance with these standards.*

Importantly, the Quality Assurance Strategy reviews will focus on feedback about the quality of services from children and young people in care. DHS expects that all CSOs will have completed an internal review for the Quality Assurance Strategy by June 2005. The monitoring data collated as part of Looking After Children will help CSOs to complete their Quality Assurance Strategy internal reviews.

DHS has made considerable progress on this work, recognising the strong inter-dependency between Looking After Children and the Quality Assurance Strategy. This is an important aspect of sound planning for change management.

#### *Advocate for Children in Care*

In March 2004, the secretary of DHS appointed the Advocate for Children in Care. This new position is very much focused on ensuring that children and young people in Out of Home Care get high-quality services and is, therefore, an important form of quality assurance. Core responsibilities include:

- acting as an advocate for children and young people in Out of Home Care, encouraging their participation in decision-making and ensuring their feedback on care experiences is heard
- providing advice to the secretary of DHS about the delivery of quality services to children and young people in Out of Home Care
- ensuring that effective standards of care are in place, together with systems to monitor compliance with the standards.

The 3 priority work areas for the 6-month period to June 2005 are:

- establishing and sustaining children and young people as the primary constituents of the advocate
- identifying critical systemic issues and challenges to Out of Home Care
- developing communication and relationship strategies with stakeholders<sup>12</sup>.

#### Assessment, planning and case management

A comprehensive and consistent approach to assessment, planning and case management makes an important contribution towards improved outcomes for children in care. This is especially important given the complexity and diversity of the needs of children who are placed in care.

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<sup>12</sup> Department of Human Services, December 2004, *Advocate for Children in Care, Progress Update, Current Activities and Future Directions*, Department of Human Services, Melbourne.

The absence of a structured and consistent approach to planning and managing the needs of children has been acknowledged as a major weakness in the Out of Home Care system for some time<sup>13</sup>. Our discussions with children and young people in care indicated that the quality and consistency of planning and case management practices was an area that needed to be improved.

CSO and DHS staff regard the Looking After Children framework (implemented in 2002)<sup>14</sup> as a positive initiative to address this weakness. DHS intends that Looking After Children processes will provide a *better* way for CSOs to do their core business - for example, recording the progress of children in care, participating in planning meetings, and sharing information with DHS and carers.

An evaluation in 2004 by DHS showed good use of, and strong support for, Looking After Children. All CSOs have been using the framework since July 2003.

The evaluation noted some positive changes in work practices. These included improved collaboration between DHS and CSO staff, improved communication between agencies, and timely sharing of better quality information with carers. Users recognised that a long-term change process was needed for Looking After Children to become “part of everyday practice”.

The evaluation also revealed a number of challenges to implementing the framework. These included maintaining momentum during the ongoing implementation process, infrastructure-related issues such as regional variations in resourcing and support and the time needed to complete the Looking After Children records<sup>15</sup>.

The goal of Looking After Children is improved planning and management of the needs of children and young people in care. It is important that DHS continues to build on the work it has done with CSOs to meet this goal.

### 5.3.3 Required resources

A robust service system that can sustain positive change needs adequate resources, including people and funding models.

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<sup>13</sup> Department of Human Services 2003, *Public Parenting, A review of home-based care in Victoria*, Department of Human Services, Melbourne.

<sup>14</sup> Planning for the implementation of Looking After Children was discussed in Part 4 of this report.

<sup>15</sup> Department of Human Services 2004, *Looking After Children (LAC) in Victoria, Review of implementation*, Department of Human Services, Melbourne.

Figure 5C summarises the status of DHS' work to assess the level of required resources against our audit criteria (expectations). It also lists the implications if not met.

**FIGURE 5C: REQUIRED RESOURCES**

Audit criteria	Implications if not met	Status of work
Work force planning is in place to recruit and retain a skilled workforce	Less certainty that the work force has the capacity and capability to deliver the required services	Work is in progress, but at an early stage
The capacity of CSOs to plan services and allocate resources is developed	All required services may not be provided	Work is in progress
An adequate funding model to support the service system is in place	Less certainty about the level of resources required to effectively deliver services	Work is in progress, but at an early stage

Source: Victorian Auditor-General's Office.

### Work force planning

Work force problems in the Out of Home Care system have been a major issue of concern for some years, and include:

- difficulties in recruiting and retaining suitably qualified child protection workers. This impacts on the effectiveness of case management of children in care, in particular, those children placed in kinship care
- declining recruitment and retention of foster carers. This impacts on the ability to allocate the most appropriate placement
- difficulties in recruiting Aboriginal carers. This impacts on the ability to meet the requirements of the Aboriginal Child Placement Principle
- inadequate professional development, accreditation and support of carers. This contributes to retention and recruitment problems
- dissatisfaction with reimbursement among carers. This contributes to recruitment and retention problems
- lack of understanding and appreciation of the role and contribution made by carers. This contributes to recruitment and retention problems and may impact on the quality of care provided to children<sup>16,17</sup>.

Both carers and children and young people expressed concern about the perceived high turnover of child protection and CSO staff. The ability to build a stable relationship with a consistent case worker was seen by children and young people as an important aspect of their care experience.

<sup>16</sup> Department of Human Services 2003, *Public Parenting, A review of home-based care in Victoria*, Department of Human Services, Melbourne.

<sup>17</sup> Department of Human Services (Child Protection and Juvenile Justice Branch) 2004, *Child Protection Workforce Study, Final Report*, Department of Human Services, Melbourne.

The need for improved professional development and support for carers was another issue of concern raised by both children and young people and carers. Carers felt strongly that, although they were “volunteers”, it was important that they be treated as professionals and that their skills as carers be acknowledged by the system.

CSOs also regarded this as a major issue that had not received adequate attention from DHS. However, they did acknowledge that the recently established Sector Development Plan Workforce Planning Working Group would help to address this gap. This group is examining current and future work force needs (including volunteer and paid), with a focus on recruitment, retention and training. As a first step, it plans to survey employers, employees and volunteer staff/carers to obtain baseline information.

Closely related to this is work being undertaken by the Scenario Planning Working Group. The group is using demographic and socially predictive indicators to forecast service demand for the sector to the year 2016. On completion, this analysis is expected to greatly assist with planning by providing:

- data on likely growth in demand for Out of Home Care across regions
- an indication of future challenges
- support for the policy changes required to strengthen kinship care, which is predicted to be the dominant type of placement in Victoria by 2016
- a basis to consider related issues such as work force requirements and infrastructure needs.

The scenario planning work is also closely linked to that of the Physical and Systems Infrastructure Working Group which is considering future infrastructure requirements, including information technology, residential assets and agency premises.

DHS has also commenced work on developing a consistent, competency-based approach to caregiver assessment and training in partnership with CSOs (December 2004). This package is expected to be completed by June 2005. An information pack for people inquiring about becoming a foster carer is also being developed.

### Capacity building

DHS needs to build the capacity of service providers to plan their services and allocate resources. In this way, capacity building contributes to effective service delivery.

Ensuring that CSOs have sufficient capacity to plan services and allocate resources has not been routinely addressed on an agency-by-agency basis. Instead, DHS has been directing its effort and resources primarily toward the development of regional planning structures.

#### *Partnership forums*

The *Pathways to Partnership review* argued that a reform program for Out of Home Care must not only be based on a partnership model (between government and non-government organisations) but also be driven at the regional level. The review proposed an appropriately resourced partnership forum in each DHS region. The focus of that forum would be on planning, performance monitoring and management. The forum would develop a regional change management strategy to guide implementation of reform initiatives.

In response to this recommendation, DHS commenced work in 2003 on the Regional Partnership Planning Initiative. This involved setting up a placement and support partnership forum in each region. These forums:

- help develop partnerships between CSOs and DHS by working with children and young people at a regional level, rather than work being driven centrally
- lead to more effective use of regional resources.

This initiative replicates earlier innovative work undertaken in the Eastern metropolitan region. The Eastern Placement and Support Service Group is widely regarded as an example of strong partnership between DHS regional offices and CSOs. The group provides a forum to drive improvements to the service system at a regional level by using the collective skills and experience of a range of practitioners. Group members are jointly responsible for planning and service coordination, regional decision-making on funding priorities, and for monitoring service system performance.

### Funding models

Funding models specify how service providers are funded to deliver services.

Both DHS and CSOs acknowledged that the current funding model has been of concern for some time and needs attention.

The authors of *Public Parenting* noted that the current funding model “drives” the service system through its purchase of placements, resulting in a service response that does not necessarily meet the needs of children and young people in care. A more flexible funding model is needed that “supports” the service system and allows for a wider range of services and support based on the particular needs of children and young people coming into care<sup>18</sup>.

As part of the Sector Development Plan, DHS has established the Funding Models and Viability Working Group. The group’s focus includes:

- examining the adequacy of current funding arrangements
- developing a proposed basis for constructing future models of service delivery and funding, with an initial focus on home-based care.

A complexity subgroup is developing a better understanding and classification of the various levels of client need, and the appropriate service structures and funding required to meet those needs.

### 5.3.4 Responsiveness of service system

An effective service system is responsive. This means that for a given system, effective mechanisms are in place to coordinate with other relevant service systems. It also means that the system has sufficient capacity to effectively meet any changes in the needs of its clients.

Figure 5D summarises the status of DHS’ work to establish a responsive service system against our audit criteria (expectations). It also lists the implications if not met.

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<sup>18</sup> Department of Human Services 2003, *Public Parenting: A review of home-based care in Victoria*, Department of Human Services, Melbourne.

**FIGURE 5D: SYSTEM RESPONSIVENESS**

Audit criteria	Implications if not met	Status of work
Effective processes and protocols for coordinating services to children	Children and young people may not have access to, or receive, the services they need, as and when required Effort is duplicated	In place. Some barriers to effective implementation
Design of service system is flexible	Needs of children and young people may not be adequately met	Work is in progress

Source: Victorian Auditor-General's Office.

### Coordinated services

The Office for Children within DHS administers the Out of Home Care program. Many of the children and young people in Out of Home Care need additional support with, for example, education, drug and alcohol issues, and housing. To meet these needs, the Office for Children must work effectively with other DHS program areas (including mental health, disability, drug treatment services and housing) and other departments. In turn, government as a whole must work with CSOs and a range of other service providers.

Such collaboration is not easy and all large human services systems struggle with this. Obstacles to effective collaboration are numerous. For example, pressure on existing resources can lead organisations to engage in “gatekeeping” and different professions and organisations may have a different sense of who their “client” is.

CSOs acknowledged that some good effort had been invested in the development of protocols to assist collaboration and cooperation between agencies, but considered serious gaps existed at the local service delivery level.

DHS acknowledged that this is a complex issue and one subject to cross-portfolio and regional issues. It saw the effectiveness of protocols for collaboration between agencies as the key to whether children and young people were receiving the services they required.

We examined collaborative efforts between the Office for Children and 4 other DHS program areas - mental health, disability services, drug treatment services and housing. We also examined collaboration between the Office for Children and the Department of Education and Training.

We found that DHS has:

- *identified* the relevant key issues relating to Out of Home Care
- *addressed* a number of these issues by establishing various measures such as protocols, practice and information guides, and policy advice. Appendix C of this report summarises the specific measures currently in place and highlights the barriers to effective collaboration that we identified.

Our examination of DHS' efforts to improve collaboration highlighted a number of positive actions. However, these potential benefits risk being compromised. For example:

- moves towards a more family-centred approach in mental health, disability and drug treatment services are compromised by funding models based on services for adults. This makes it difficult for consultation between these services and Out of Home Care staff
- good examples of joint training and collaborative relationships at the regional level have tended to be ad hoc; high turnover among child protection staff means good ideas may not be shared widely
- exemplars of innovative cross-sectoral collaboration at the regional level have been developed in the absence of any systematic process to either formally evaluate them or assess whether they can be shared and used statewide.

With respect to whole-of-government collaboration, we found that DHS has identified the overall key issues for effective collaboration for Out of Home Care. Despite this, at the time of conducting this audit, there was:

- no whole-of-government planning strategy to increase the likelihood of children in Out of Home Care having their needs adequately met by other divisions and departments. For example, arrangements are needed to facilitate joint planning so that similar priorities are identified centrally and regionally in directorate and divisional plans
- little evidence of a whole-of-government approach to identifying what drives demand for Out of Home Care placements.

While CSO staff recognised that it was difficult to successfully address collaboration issues, they were not satisfied that DHS was dealing with those issues adequately.

In recognition of this, DHS is examining options to create a more cohesive policy and legislative framework, and a more integrated children's and family service system. One option being considered is the development of a strategic plan that crosses portfolios.

We note that the development of a whole-of-government policy framework for vulnerable children and young people forms part of the legislative review. This includes health and community services, education, community building, and juvenile justice. Other recent developments (announced in December 2004) that relate to a whole-of-government approach include:

- a Minister for Children to ensure children are given a higher priority across all government policies, programs and activities
- an Office for Children in DHS to bring together the major services provided to children prior to school and to manage a range of programs to assist vulnerable children and provide for their needs in a more coordinated manner
- a permanent Victorian Children's Council to provide high-level policy advice to the Premier and the Minister for Children
- the Children's Services Coordination Board, consisting of secretaries from the Departments of Premier and Cabinet, Treasury and Finance, Human Services, Justice, Education and Training, and the Chief Commissioner of Police, to ensure coordination of activities impacting on children
- a Child Safety Commissioner to provide accountability and undertake a number of important oversight roles in relation to child safety. The Advocate for Children in Care will report to the commissioner.

It is too early to assess the impact of these developments on improving coordinated service delivery for children and young people in Out of Home Care.

### Flexible services

CSOs expressed concern about the entrenched inflexibility created through the current capacity problems and the driving need to find appropriate placements for children and young people.

Children and young people felt strongly about the need to better plan and manage their needs so they were placed in the most appropriate type of care. One young person commented: "... have it so the system fits the kid, not the kid fitting the system".



*The Auditor-General welcomes children and young people to a focus group.*

DHS has acknowledged the need to create a more flexible service system and has begun to address this by various means, including the development of:

- more flexible funding models (being examined by the Sector Development Plan Funding Models and Viability Working Group)
- services for Aboriginal children in care (being addressed by the *Connecting Community* project developed by the Placement and Support Advisory Group)<sup>19</sup>. The *Connecting Community* project will develop strategies for Aboriginal organisations to recruit, train and support caregivers so that more Aboriginal children and young people in Out of Home Care can be cared for by Aboriginal organisations.
- new service models to better meet the diverse and complex needs of children in care. These include:
  - the development of a new therapeutic foster care model and a therapeutic model of residential care
  - ongoing implementation of Take Two, an intensive therapeutic service targeted at clients of Child Protection who are, or have been, subject to abuse. This service is discussed in Part 4 of this report.

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<sup>19</sup> Service models and quality-related issues are the major focus of the Placement and Support Advisory Group. The group includes representatives from CSOs, peak bodies and DHS. Its goal is to improve outcomes for children and young people in care through strengthening the quality and effectiveness of planning, collaboration and service development functions of the Placement and Support service system.

### 5.3.5 Accountability arrangements

Performance management and reporting frameworks are a means to assess if a service system is achieving its objectives and government outcomes. They ensure accountability for performance.

Key performance indicators need to be developed before performance can be measured. Desirably, the indicators should focus on outcomes and results. These must report the right things (that is, be relevant and appropriate) and report things fairly (that is, be accurate). Key performance indicators should also be evaluated; this assures users of their relevance, appropriateness and accuracy.

Performance reporting must be supported by information systems that efficiently provide the necessary data to measure, monitor and manage government programs.

Figure 5E summarises the status of DHS' work to establish accountability arrangements against our audit criteria (expectations) and the implications if not met.

**FIGURE 5E: ACCOUNTABILITY ARRANGEMENTS**

Audit criteria	Implications if not met	Status of work
Performance management and reporting frameworks are in place	Success or otherwise of the service system is not known or properly measured	Work is in progress

Source: Victorian Auditor-General's Office.

We found that DHS does not have a performance monitoring and accountability framework in place for the Out of Home Care service system.

CSO and peak body representatives considered the absence of performance indicators, targets and benchmarks as a significant shortcoming of the reform program for Out of Home Care.

DHS advised that a quality information system must be in place before it can report against outcomes. This highlights one of the key interdependencies of the Out of Home Care service system.

As we noted earlier, DHS is currently developing a new client information system (CRIS/CRISSP) to be implemented across the sector. The Panel Report on the Child Protection Outcomes Project (2004) highlighted the important contribution information technology systems can make to effective reform of a service system. They do this by improving information sharing, promoting the use of common case management tools, tracking individual and program outcomes, and strengthening partnership between agencies and services<sup>20</sup>.

The same report highlighted the importance of sound forward planning when putting new information technology systems in place. An inflexible system cannot incorporate additional information after start-up. This, in turn, can prevent new types of practice from being adopted because of the time and money needed to develop and set up new, modified systems. DHS advised that attention is being given to building flexibility in the CRIS/CRISSP system to accommodate additional information needs.

As part of the new quality monitoring framework, DHS has begun to develop outcome indicators for children and young people in care. DHS has acknowledged the need to move away from its current limited focus on quantitative indicators to a more balanced and comprehensive approach that includes appropriate qualitative indicators. We strongly support this shift towards a longer-term view. This focus will contribute to better positioning DHS to achieve improved and sustainable outcomes, and force internal processes to respond in different ways to achieve those outcomes.

DHS intends to use these outcome indicators to develop benchmarks to monitor future performance. The indicators will focus on:

- ensuring safety
- promoting wellbeing
- enabling stability and permanence.

DHS intends then to monitor these outcome indicators using CRIS/CRISSP and Looking After Children processes.

It is important that DHS continues to undertake work on developing:

- performance indicators for other key components of the service system, such as the comprehensive healthcare, educational and employment outcomes of children and young people (these help to measure medium- and long-term efficiency, effectiveness and impact of services)
- output performance measures such as reduction in multiple placements to which children are subjected (these help measure the effectiveness of short-term service delivery).

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<sup>20</sup> Department of Human Services 2004, *The report of the Panel to oversee the consultation on Protecting Children: The Child Protection Outcomes Project*, Department of Human Services, Melbourne.

The development of performance indicators and monitoring mechanisms to ensure quality improvement is part of the work plan for the Sector Development Plan Systems Governance and Performance Monitoring Working Group.

### 5.3.6 Conclusion

DHS has identified gaps between what the Out of Home Care system is currently delivering and those elements required to provide an effective service system for children and young people in care.

Since early 2003, DHS has been progressively addressing these service system gaps in partnership with CSOs. Three of the key elements – work force planning, funding models and service system flexibility - are being considered by working groups set up in July 2004 as part of the Sector Development Plan. At this point, it is too early to assess the soundness of this work and its ultimate impact on improving outcomes for children and young people.

Fundamental to DHS' reform of Out of Home Care is its ability to monitor progress of the work it is undertaking to improve the service system and whether the expected outcomes are being achieved. Until an appropriate performance management and reporting framework is established, DHS' capacity to do this is limited.

The new client information system will play an important role in effective reform of Out of Home Care. As well as supporting new forms of practice and facilitating integration of reform initiatives, it will underpin DHS' performance management and reporting framework. Given the iterative nature of the reform program, it is important that DHS continue its work to ensure the new system is flexible enough to meet additional data needs beyond initial set up.

Although the need to address some of these service system gaps has been known for a number of years - including quality of care, work force planning, service flexibility and responsiveness - DHS has been slow to respond. Unless it addresses these key system elements in a timely manner, there is a high risk that the immediate and increasingly complex and diverse needs of children and young people coming into care will not be adequately met. More critically, this may have adverse consequences for the long-term health, educational, psychological and social outcomes for these children and young people.

## Recommendations

- 13. That DHS regularly review the progress of its current work to address gaps in the Out of Home Care service system (including those related to the needs of Aboriginal children and young people) to ensure timely completion. These gaps include:**
  - **quality assurance systems**
  - **resource requirements**
  - **coordinated and flexible service responses**
  - **performance management and reporting framework.**
- 14. That DHS ensure its new client information system has sufficient flexibility and capacity to accommodate additional data needs beyond initial implementation.**

*RESPONSE provided by Secretary, Department of Human Services*

### **General comment**

*DHS notes the emphasis given in the report to the rational planning approach to strategic planning for public sector reform. Relevant literature on strategic planning in the public sector from authors such as Professor John Alford and Professor Henry Mintzberg, however, acknowledges that the emergent approach DHS has adopted is an equally valid one.*

### **Section 5.3.3**

*DHS agrees with the report's assessment that adequate resources are required to sustain positive change. Work under way on the Family and Placement Services Sector Development Plan will provide valuable information concerning needs and capacity in the areas of work force, physical and systems infrastructure, and funding models.*

### **Section 5.3.4**

#### **Sub-section, Coordinated services**

*DHS believes that the reforms initiated by government in response to the recommendations of the Premier's Children's Advisory Committee are substantial. The emphasis they place on greater coordination across government, with a particular emphasis on the needs of children, is welcome.*

*RESPONSE provided by Secretary, Department of Human Services  
- continued*

**Section 5.3.5, paragraph 5**

*The development of a more robust performance monitoring and accountability framework for children in Out of Home Care is one of the reforms currently under way. It is linked to a range of initiatives including Looking After Children, the development of the new CRIS/CRISSP system, the work on systems governance and performance monitoring under way as part of the Family and Placement Services Sector Development Plan and the development of the State-wide Plan for Children which crosses all of the functions of the Office for Children.*

**Recommendation 13**

*DHS notes that the analysis undertaken over the past 5 years, and ongoing work with the Family and Placement Services Sector Development Plan; the review of legislation and practice; and annual budget processes have already provided/will provide a structure for such review and for addressing these identified gaps.*

**Recommendation 14**

*DHS supports this recommendation and notes that such flexibility was identified as a necessary feature for the new system at the commencement of this project.*

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## Appendix A. Types of foster care



## Types of foster care

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### Adolescent community placement

This type of foster care provides temporary, short- or long-term accommodation to young people, aged 12 to 18 years, who are experiencing crisis as a result of family breakdown or violence, or who are on a court order, or who are homeless.

### Shared family care

This program provides foster care for children and young people with a developmental delay (aged 0 to 6 years) or an intellectual disability (aged 6 to 18 years).

### One-to-one care

This type of foster care involves one carer working with one young person and falls under the “home-based care - complex” category. These placements, which may be temporary, short- or long-term, are targeted at children and young people<sup>1</sup> assessed as “high risk”. They may be delivered with specialist intensive intervention services and specialist support services.

### Specialised home-based care and innovative home-based care

These types of foster care fall under the “home-based care - intensive” category. Such placements provide accommodation for children and young people where previous, less-intensive placements have been inappropriate or unsuccessful. This may have been because of the child or young person’s challenging behaviour or additional needs, or the high demands associated with placing large sibling groups.

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<sup>1</sup> Provision of one-to-one care, specialised home-based care and innovative home-based care is not age-specific, unlike adolescent community placement and shared family care.



Appendix B.  
Audits and reviews  
by DHS of Out of  
Home Care



**FIGURE B1: AIM, SCOPE AND METHODOLOGY OF DHS' AUDITS AND REVIEWS OF OUT OF HOME CARE, 2000-03**

Audit or review (a)	Aim	Scope and methodology
Audit of children and young people in residential care (2001) (b)	To collect data on key client characteristics and experiences, and to identify areas where service delivery could be improved	Current and past clients in residential care at 1 August 2000 (387 people; about 90 per cent of all clients) CASIS (c): database and interviews with case managers
Audit of children and young people in kinship care (2001) (b)	To collect data on key client and caregiver characteristics, and examine kinship care policy and practice and to identify opportunities for improvement.	All children and young people in kinship care at 30 June 2000; telephone interviews with case managers on random sample of 537 clients
Audit of children and young people in home-based care (2001) (b)	To collect data on key client characteristics and to identify areas where service delivery and support could be improved	Random sample (52 per cent) of children and young people in home-based care across departmental regions at 31 January 2001; survey to 62 per cent of caregiver households (61 per cent response rate)
Integrated Strategy for Child Protection and Placement Services (2002)	To formulate an integrated strategy to reduce demand for child protection and placement services to improve outcomes for children and young people	Analysis of the client population characteristics as well as the existing child protection and placement system and best practice approaches in Australia and overseas
Public Parenting, A review of home-based care in Victoria (2003)	To assess the (1) effectiveness of the home-based care program and to identify trends in client, caregiver and agency characteristics; (2) appropriateness and achievement of program objectives and to formulate strategies to improve outcomes for children and young people	Analysis of existing databases of children and young people in care and service providers, consultation with key stakeholders, and a literature review of international trends to identify best practice approaches

**FIGURE B1: AIM, SCOPE AND METHODOLOGY OF DHS’ AUDITS AND REVIEWS OF OUT OF HOME CARE, 2000-03 – CONTINUED**

Audit or review (a)	Aim	Scope and methodology
Pathways to Partnership: The final report of the Out of Home Care Partnership Case Study Review (2003)	To examine the extent to which the development of a capacity building strategy would strengthen the partnership between government and non-government organisations responsible for delivering Out of Home Care	Consultation with key CSOs and departmental staff, survey of agencies delivering Out of Home Care and review of relevant research and reports
Protecting Children: The Child Protection Outcomes Project (2003)	To examine the appropriateness of the legislative, policy and program frameworks that underpin the Victorian child protection system to ensure the best outcomes for children and young people	Review of local, national and international literature, service reforms and relevant data

(a) All audits and reviews were undertaken by the Department of Human Services (DHS) with the exception of Protecting Children, which was undertaken by The Allen Consulting Group.

(b) The audits of children and young people in residential, kinship and home-based care were part of an overall audit of the Out of Home Care system initiated by the then Minister for Community Services. The purpose of the audits was to develop an overview of the safety and wellbeing of children and young people residing in the Out of Home Care system in Victoria and to highlight areas for improvement.

(c) CASIS is an electronic client and case management information system implemented in 1992. It records information about each child protection client. This includes demographic data as well as case notes, case planning records and court reports.

Source: Victorian Auditor-General’s Office, based on DHS audit and review documentation.

## Overview of DHS’ audits and reviews

### Audit of children and young people in residential care (2001)

#### Key characteristics

- Most children and young people in residential care are either:
  - sibling groups
  - adolescents with a history of failed home-based placements, experience of significant physical/emotional or sexual abuse, and complex behavioural and emotional problems requiring high levels of supervision and support.
- The current placement occurred in the context of multiple notifications to child protection, most frequently attributed to neglect and emotional abuse.
- An over-representation of Aboriginal children; high levels of intellectual disability, mental illness, substance abuse and self-harming behaviours; poor school attendance and below age appropriate educational achievement levels; and over-representation in the juvenile justice system.

- Children's families are significantly disadvantaged with high rates of unemployment, substance abuse, mental illness and poverty. They are usually single-parent families.

#### Future directions to improve service delivery

- A strategy, "*Stronger Youth, Stronger Communities*" was developed aimed at progressively improving services over a 5-year period commencing in August 2001. Aspects covered included:
  - greater access to health services
  - better life opportunities by increasing attendance at school
  - ensuring children under 12 are not placed in residential care wherever possible
  - accommodating Aboriginal children in culturally appropriate services
  - meeting safety, security and any specific (e.g. disability) needs
  - protecting children from harm and poor care standards.

### Audit of children and young people in kinship care (2001)

#### Key characteristics

- An over-representation of Aboriginal children and young people, history of prior kinship care-placement breakdown, and relatively high level of placement changes.
- Only a small number have a disability, history of substance abuse or problem behaviours.
- For most, a family crisis was the context for their placement.
- Most in the sample had a sibling living with them in the same placement.
- Almost all school-aged children and young persons were enrolled in school and attended regularly.
- A high proportion of children's parents were separated, with a known history of substance abuse and mental illness.

#### Future directions to improve service delivery

- DHS determined that it needed to stabilise placements for children in long-term care. This was to involve:
  - improving the assessment process for caregivers
  - providing caregiver training
  - increasing the specialists support (e.g. case managers) for caregivers
  - consideration of increased payments to caregivers
  - ensuring professional support services are provided to children as needed.

## Audit of children and young people in home-based care (2001)

### Key characteristics

- An over-representation of Aboriginal children and young people; history of prior placement and high levels of placement changes; history of disability, mental health issues and substance use.
- For the majority, the current placement was on an emergency basis or as a result of family crisis or placement breakdown.
- The majority of school-aged children and young persons were enrolled in school and about half had age-appropriate educational achievements.
- Most of the children's parents were separated, reliant on a benefit or pension for their income, and had a history of substance abuse.

### Future directions to improve service delivery

- Aspects of service delivery that needed to be strengthened were to be addressed in a subsequent review of home-based care.

## Integrated Strategy for Child Protection and Placement Services (2002)

### Key findings

- The increasing demand for child protection and placement services in Victoria has not been effectively managed.
- The 2 main influences on demand have been (1) the changing characteristics of children and families, and (2) aspects of the processes, decisions and services provided by DHS and other agencies. These include the child protection system, Out of Home Care and court processes.

### Recommendations

To better manage demand for child protection and placement services, the recommendations included:

- developing an integrated strategy with a mix of short-, medium- and long-term initiatives
- giving a greater focus on the prevention of child abuse and diversion of children and young persons to more appropriate services
- having greater flexibility and responsiveness to the changing and more complex needs of vulnerable families and children
- adopting more community-based solutions to recognise and address local issues
- providing more effective support for Aboriginal children, young people and their families
- building capacity to improve the effectiveness of services and processes.

## Public Parenting: A review of home-based care in Victoria (2003)

### Key findings

- Key trends in home-based care included:
  - an increasing number of children coming into care
  - a greater proportion of children are younger, Aboriginal, have more difficult behaviours, and are from single parent families - often with high levels of drug and alcohol abuse and psychiatric problems.
- The experiences of children and young persons were that:
  - most of their placements have been in home-based care, with a greater proportion being placed in kinship care
  - they were spending longer periods in care, with more unstable placement histories and placements in different types of care
  - compliance with the Aboriginal Child Placement Principle is variable.
- Some important trends among service providers were that:
  - services were delivered by government and a large number of CSOs
  - the number of foster carers declined (40 per cent decrease in new recruits from 1998-2003 and a large increase in foster carers leaving the system).

### Recommendations

To improve responsiveness, appropriateness and quality of care provided to children and young people and their families, the recommended strategies for reform included:

- focusing more on prevention
- broadening the range of Out of Home Care options
- assessing clients more comprehensively
- improving quality assurance across the system
- developing a professional foster care service
- improving support for kinship carers
- developing a more flexible funding model.

## Pathways to Partnership: The final report of the Out of Home Care Partnership Case Study Review (2003)

### Key findings

- The development of Out of Home Care services has not kept pace with changing demands. These include societal changes as well as changes in the characteristics of children and young people coming into care. This has led to a mismatch between client need and service response.

- The impact of the current range of planned and implemented initiatives by government is undermined due to (1) the lack of long-term strategic planning, and (2) lack of recognition of Out of Home Care services as a definable system.
- Government, CSOs and other key stakeholders do not work together as effectively as they need to, if they are to meet the needs of children and young people in care. Reform requires effective leadership from both the government and community sector.

#### Recommendation

To strengthen the partnership between the government and community sector it was recommended that a partnership strategy be developed incorporating 3 components: a systemic framework, sector-based and practice-focused.

### Protecting Children: The Child Protection Outcomes Project (2003)

#### Key findings

- **Government approaches to child abuse and neglect.** There is no clear evidence that Victoria's child protection approach (as distinct from the family service orientation of other western countries) results in better outcomes for children and young people. There is evidence that a family service orientation provides children and families with easier access to a wider range of services and assistance than child protection systems.
- **Regulatory approach to child protection in Victoria.** This approach is effective in dealing with those children and families at immediate and significant risk (such as those experiencing episodic abuse). It is not as effective for the increasing proportion of clients coming into the system who have become high risk due to long-term neglect. Such families are less able to access family supportive services.
- **Regulatory arrangements/practice.** Child protection agencies have sole responsibility for responding to child abuse and neglect. Limited responses are available to child protection workers in response to the range of presenting problems of children and families. These responses are associated with a high burden, such as court processes, and impact negatively on children.

#### Recommendations

To improve outcomes for children and young persons it was recommended that the reformed Victoria's child protection system must include:

- a broader definition of protecting children - to provide supportive services, not just immediate safety
- a unifying framework for the protection and welfare of children, including a new model for child protection with 4 key elements:
  - a community partnership for the protection and welfare of children

- a new model for intake, assessment and referral
  - a range of service responses to meet the variety of problems and circumstances of families and children
  - a focus on reducing placement of children and young people in Out of Home Care and on increasing permanency and stability for those unable to return to their families.
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Appendix C.  
Examples of service  
delivery  
collaboration



**FIGURE C1: CROSS-PORTFOLIO AND CROSS-SECTORAL ISSUES, PROTOCOLS AND BARRIERS**

Department/Division	Protocols in place	Barriers to effective collaboration
<i>Cross-portfolio</i>		
Department of Education and Training	<i>Partnering Agreement School Attendance and Engagement of Children and Young People in Care</i> , Department of Education and Training and Department of Human Services, 2003	Building and maintaining relationships; lack of a common information technology system
<i>Cross-sectoral</i>		
Mental Health (a)	<i>Draft Protocol for the Assessment and Treatment of Young People Admitted to Secure Welfare Services, 2005</i> . A number of information guides, such as policy advice and practice guidelines have also been published for service providers	Children in Out of Home Care have difficulty in fitting eligibility criteria of Child and Adolescent Mental Health Services, are highly mobile and often have multiple placements making continuity of treatment difficult
Disability Services (b)	<i>Protocol between Protective Services and Intellectual Disability Services, 1993</i>	Current protocol limited to parental intellectual disability and does not include the role of community service organisations; timeliness of service access; effectiveness of case management mechanisms
Drug Treatment Services (c)	<i>Draft Protocol between Drug Treatment Services, Community Service Organisations and Child Protection for Working with Children and Young People with Alcohol and other Drug Issues, 2005; Protocol between Adult Drug Treatment Services and Child Protection for Working with Parents with Alcohol and other Drug Issues, 2002</i>	Different philosophical orientation of child protection staff ("to care and control") and drug treatment staff ("harm minimisation"); poor information sharing between drug treatment and child protection workers
Housing	<i>Protocol between Child Protection and Supported Accommodation Assistance Program Services in the Southern Metropolitan Region, June 2003</i>	Lack of a statewide protocol; no requirement for regions to have their own protocol; Office of Housing still in the process of being integrated with other DHS programs following transfer to DHS in 1999-2000

- (a) There are 2 dimensions relating to the interface between Out of Home Care and Mental Health – children who are in care and who may need Child and Adolescent Mental Health Services (CAMHS), and children in care whose parents have a mental illness.
- (b) There are 2 dimensions relating to the interface between Out of Home Care and Disability Services – children with a disability who come into child protection system/Out of Home Care and children in care whose parents have a disability.
- (c) There are 2 dimensions relating to the interface between Out of Home Care and Drug Treatment Services – children and young people in care who misuse substances and those in care whose parents have a substance dependence which impairs their capacity to care for their children.

*Note:* Linkages between state government and local/Commonwealth government are also relevant to children in Out of Home Care. These include maternal and child health and access to paediatricians and general practitioners. These were not examined in this audit.

*Source:* Victorian Auditor-General's Office.

# Auditor-General's Reports

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Report of the Auditor-General on the Finances of the State of Victoria, 2003-04	November 2004
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Results of special reviews and other investigations (2005:4)	May 2005
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