

## CHAPTER 6

# *Making Use of Cost Calculations*

## Building and Supporting an Evidence Base

### **Introduction**

As outlined in Chapter 1, this book has presented a methodology to explore the relationship between needs, costs and outcomes and to provide an evidence base to support decision making within children's social care, and partner agencies. Being able to identify the different types of services provided to children, understanding children's pathways and how these relate to needs and outcomes for different groups of children, is necessary to explore the effectiveness of interventions provided for different groups of children (UN General Assembly 2009; UNICEF 2009). A rigorous and robust evidence base for child welfare policy and practice has long been accepted as being essential for an effective and efficient child welfare system. The application of empirical evidence is embedded into work that is carried out with children and families. It is used in practice and policy to inform the assessment of children and families' needs (Ward and Rose 2002) and the development of services intended to meet those needs. The green paper *Care Matters* notes that high quality information about children in need is required if children's services departments' commissioning strategies are to be effective (Department for Education and Skills 2007). This chapter will explore how the cost calculation methodology outlined in the earlier chapters of this

book can be utilised to provide an evidence base to support decision making about the allocation of restricted resources to ensure that the needs of children and families are met.

Decisions about how resources can be most effectively managed to support all vulnerable children and families within a given locality can be complex, commissioners and managers may be required to balance a number of factors when commissioning services. Together with statutory duties, current government policy emphasises both early intervention and prevention strategies (Allen 2011a) alongside the recognition of the need for sufficient resources to support those with the greatest needs, such as disabled children (Department for Education 2011b) and those subject to a Child Protection Plan (Munro 2011b). Demand for both preventative and safeguarding services has increased at a time of economic austerity and public spending prudence. Corby (2006), notes that the need to provide both good quality preventative services and to ensure highly effective child protection services for those children at the greatest risk, increase the pressure to manage finite resources more effectively. At a time when an emphasis is being placed on both early intervention (Allen 2011a) and the quality of the safeguarding system (Munro 2011b), prevention and protection should not be seen as competitors. Rather, a strong evidence base is required to support decisions about how resources can be allocated across the children's workforce to ensure that resources are reoriented towards preventative services without child protection services suffering (Sheppard, 2008a; Axford and Little 2006).

While some children and families may only require short term support, such as that provided through the Common Assessment Framework, those with the highest levels of need, including disabled children, may require support and services over a prolonged period, and in some cases, into their adult lives. As highlighted in Chapter 5, the level of support required by children and families is likely to change over time and some children may move between the different types of social care support, or in and out of the thresholds to require social care intervention. The need to better understand a child's journey has been highlighted in the recent Munro *Review of Child Protection* (Munro 2011a). Furthermore, a number of children and families

will require support from several different teams, services or budget areas. Therefore, in order to provide a comprehensive understanding of the costs and impact of a full package of services it is necessary to understand how the costs of different elements of those services, including case management activity and processes within agencies, build up, how they vary over time, and how changes to one area of service provision, may incur changes in costs within another.

As outlined in Chapter 5, robust, comprehensive and reliable evidence on both the costs and outcomes achieved by different types of support is essential to support the effective management of resources across the children's workforce, to ensure that the right services are provided at right time to meet the needs of a child and their family. Furthermore, effective resource management, will ensure that the decision making process about the types of support offered to children and families is needs led rather than resource, or cost led.

The 'bottom up' methodology outlined in this book is designed to provide evidence which can be used to inform decision making and planning to ensure that children's services departments can maximise existing resources without compromising the quality of the support on offer (Department for Education 2011a). The previous chapters have explored the various components that contribute to understanding and calculating the costs of both the support and services provided to vulnerable children and their families. The impact of children's needs on costs has also been explored. The cost case studies have also demonstrated that a number of these factors can act cumulatively to affect how costs build up for individual children.

### Making use of the data

This chapter brings together those components to explore how cost calculations can be most usefully utilised to provide an evidence base to support the planning and commissioning of services, along with social care practice. Furthermore, additional cost case studies for individual children are utilised to provide examples of how the information can be used to explore the relationship between children's needs and the levels of assessments carried out. This chapter also introduces the concept of aggregating the data and how it can

be used at a strategic level once it has been aggregated. Examples are provided of how the aggregated information has been used to improve understanding of the relationship between needs, costs and outcomes for looked after children and a worked example is provided to illustrate how the data collected for the study to cost all services for children in need have been utilised. The use of the aggregated data to understand a child's journey is also included.

### **Assessing needs, an example: Direct payments for disabled children**

As noted in Chapter 5, the study to cost short break provision (Holmes, McDermaid and Sempik 2010) identified that the level of assessment required for families to access short break services, largely, reflected the level of presenting need. However, the research also identified that this was not the case for children and their families in receipt of direct payments. The approach of providing direct payments has been introduced in recent years in England. The aim is to give recipients control over their own life by providing them with the funds directly to choose an alternative to social care services. As such the financial payment gives the person flexibility to look beyond standard services usually provided to disabled children and their families (Department of Health 2003).

The study found that in the participating local authorities, families with low levels of presenting social care need were offered one of two service packages: the 'local core offer model' or direct payments. The 'local core offer' was designed to assist families with disabled children with low levels of social care need, but who may need assistance to access leisure or universal services. (Department for Children, Schools and Families 2008; Holmes, McDermaid and Sempik 2010). The 'local core offer model' offers the provision of a standardised package of short break services to a specific population of disabled children and young people, who meet an identified set of eligibility criteria. In two of the participating local authorities no additional assessment was required for children and families to access this provision. In both cases, the majority of activity to refer children and their families to access the 'local core offer' provision

is undertaken by lead professionals from other agencies. Therefore, costs to social care per child are estimated to be nominal. Children receiving support as part of the 'local core offer' received very little ongoing support, such as reviews or visits, the level of which was determined on a case by case basis in each of the authorities. Indeed, it was noted in the focus groups that these children, having a low level of need, are unlikely to receive any regular visits or reviews from social care staff, although they may have regular contact from professionals from other services.

As an alternative to the 'local core offer model', families may opt to receive direct payments. These are payments made directly to parents or carers of disabled children from local authorities, which enable them to purchase services directly, thereby increasing choice. A family may choose to purchase for example, domiciliary support or a personal assistant for a few hours a week. In the participating authorities, where a request for direct payments was made by a family, an Initial Assessment was required. This additional assessment was triggered by the decision to receive direct payments, rather than the 'local core offer model'. As such the decision to carry out the assessment was not determined by the needs of the child and their family. As outlined in Chapters 3 and 5, the average cost of an initial assessment for short break services was calculated as £315.89 in London and an average cost of £344.75 out of London. As a result of having had an Initial Assessment, a family in receipt of direct payments was categorised as an 'open social care case' and was therefore subject to regular visits and reviews by social care practitioners, in line with the statutory requirement for children receiving support under section 17 of the Children Act 1989. As well as the completion of the Initial Assessment, focus groups within the participating local authorities identified additional activities to support the family to set up the direct payment and to complete the paperwork necessary to trigger receipt of the payment. Furthermore, additional activities were undertaken by administrative staff to monitor the direct payments and ensure that payments were made to families and were being used appropriately. It was not possible during the study, however, to gather activity data for this work carried out by administrative personnel, and it is therefore not included in the cost calculations, as a result the

calculations below are likely to underestimate the costs of providing direct payments. Front line practitioners and managers of disabled children's services within the participating local authorities noted that this level of intervention was not always appropriate for the needs of some families, which may in many cases, were comparable to those families receiving services as part of the 'local core offer model'. Therefore the social care costs over time of two families with comparable needs may differ.

The following two cost case studies compare the costs of providing direct payments to a family compared to providing a 'comparable service to a family accessing short breaks through the 'local core offer model'.

#### Box 6.1: Jayden: Local core offer provision in a London Authority

Jayden was diagnosed with severe physical disabilities, and was referred to social care by her occupational therapist at age seven. Her mother was a single parent and had recently expressed concerns that she would have to give up employment to care for her daughter. As well as the economic stability provided through work, Jayden's mother was concerned that giving up work would leave her feeling isolated and without any adult interaction. Although the child and families' needs were primarily being met by universal services, it was determined that the family would benefit from some additional provision in order to prevent social isolation, and economic instability.

The case was discussed at a resource panel for short breaks. The family met the criteria for the 'local core offer model', and it was deemed that these could adequately meet the needs of the family. Jayden was offered eight hours a week home support from an independent provider. It was not considered necessary to provide ongoing support by social care professionals. The child's needs were monitored by the occupational therapist.

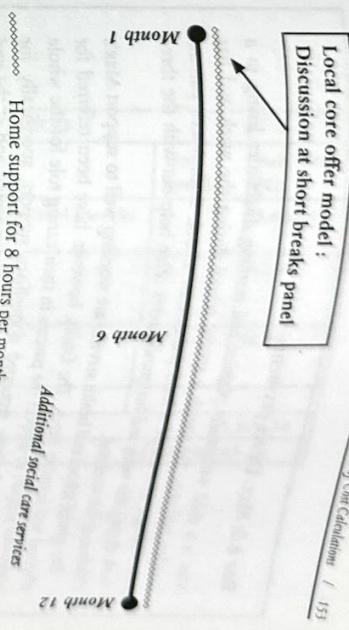


FIGURE 6.1 Timeline for Jayden

TABLE 6.1: Social care costs of providing short break services under the local core offer over a 12 month period<sup>1</sup>

SOCIAL CARE ACTIVITY COSTS: LONDON PRICES		SHORT BREAK SERVICES COSTS: LONDON PRICES		
Process	Unit cost (£)	Unit Service provision	Unit cost (£)	sub total (£)
Referral and Assessment	12.73	Home support from an independent provider	8 hours per week for 42 weeks	18.56 £6,236.94
Ongoing support	None -			
Cost of social care activity	12.73	Cost of service provision for 12 months	£6,236.94	
<i>Total cost incurred by children's social care for Jayden during the 12 month period</i>				£6,236.94

<sup>1</sup> Based on the costs calculated in Holmes, McDermid and Sempik 2010, inflated for financial year 2010-11

### Box 6.2: Max: Direct payments

Max is a child with severe physical and learning disabilities living in a London authority. He attends a special school during the week and has two siblings, who attend a local mainstream school. Both Max's parents work during the week and his grandparents often help out with the three children at the weekend.

The special school and health services are working well to support Max's physical and learning needs. The family, however, have been referred for additional support to support the parents in their caring role for the whole family. The family have requested domiciliary support, specifically for assistance in getting Max ready for school in the morning and at the end of the school day.

It was decided that direct payments would be the most suitable form of support for Max and his family. Some activities were undertaken by the social worker to set up the direct payments, such as signing the contract and completing the CRB check for the personal assistant. A one off payment was provided to assist the family with the recruitment of a personal assistant. A personal assistant was recruited and attended a training day prior to starting with the family. The personal assistant was employed for 2 ½ hours each school day (12 ½ hours per week).

In addition to the direct payments, visits were made to the family by a social worker every six weeks and a case review was held every six months.

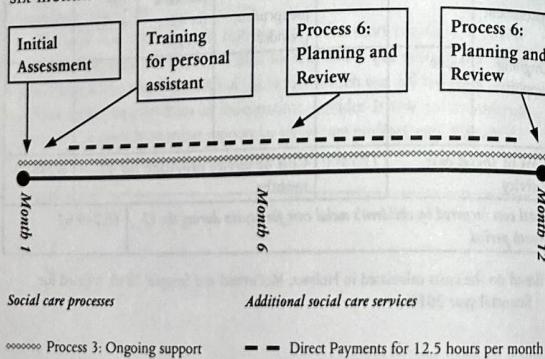


FIGURE 6.2 Timeline for Max

TABLE 6.2: Social care costs of providing direct payments over a 12 month period<sup>1,2</sup>

SOCIAL CARE ACTIVITY COSTS: LONDON PRICES		SHORT BREAK SERVICES COSTS: LONDON PRICES		
Process	Unit cost (£)	Service Provision	Unit cost (£)	sub total (£)
Initial Assessment	325.27	Direct payments 1 ½ hours per week for 42 weeks 10.79		5,667.11
Activity by social worker to set up direct payment	365.07	One off payment to cover recruitment costs		32.91
Ongoing support visits	105.11	1 days training for personal assistant		86.36
Review	275.82	551.64		
Cost of social care activity		£1,977.74	Cost of service provision for 12 months	5,806.38
<b>Total cost incurred by children's social care for Max during the 12 month period</b>			<b>£7,784.13</b>	

1. Based on the costs calculated in Holmes, McDermid and Scampik 2010, inflated for financial year 2010-11

2. The costs of setting up and monitoring the direct payments are not included

Table 6.3 compares the costs incurred by social care of both the *case management activities* and service provision for the two different case study examples.

TABLE 6.3: The comparative costs incurred to social care of providing services through the 'local core offer model' and direct payments over a 12 month period<sup>1</sup>

TYPE OF PROVISION	COST OF CASE MANAGEMENT ACTIVITY	COSTS OF SERVICE PROVISION	TOTAL COST	PERCENTAGE OF TOTAL COST SPENT ON CASE MANAGEMENT ACTIVITY
Local core offer	£12.73	£6,236.94	£6,249.67	0.20%
Direct payments	£1,977.74	£5,806.38	£7,784.13	25.41%

<sup>1</sup> Based on the costs calculated in Holmes, McDermaid and Sempik 2010, inflated for financial year 2010-11

As Table 6.3 shows, while the cost of providing a service to Child A was £430.55 more over the 12 month time period, the overall cost of providing direct payments was greater and 25% of the overall cost was attributable to the case management activity associated with the case. It is therefore possible to see how the cumulative costs of social care activity and local authority procedures may increase the overall cost of delivering a service. Furthermore, recent government policy has emphasised increasing the availability of direct payments and personalised budgets (Department for Education 2011b). While procedures for accessing short breaks, including direct payments, may differ between authorities, it is evident that direct payments do require additional administrative and case management activity which may increase the overall cost of the provision. As the number of families likely to receive direct payments increases, consideration should be taken to ensure that the cost of obtaining, maintaining and monitoring the costs of such provision are as efficient as possible.

### Aggregating costs

The previous sections of this chapter and earlier chapters in this book have demonstrated how the various cost components can be used to build up costs for individual children. While, exploring the

costs of provision for individual children can contribute to an overall understanding about service delivery and a range of cost drivers, the value of the costs of pathways for individual children to inform decision making and planning is limited. In order to provide an evidence base for more strategic planning and decision making, the strength of the methodology becomes more pronounced when the data is aggregated to explore the pathways and costs for groups of children with particular needs, or in receipt of a particular service. The cost calculations can also be aggregated for populations of children, for example all children in need, or those looked after. The aggregated costs also facilitate comparisons between local authorities and assist benchmarking.

### The decision analysis tool: Utilising child level data to model costs

When the original research study was carried out it became evident that the process of bringing together the different aspects of the data outlined in the previous chapters was incredibly complex. In order to account for the range of variations in activity, and therefore costs, and the variety of placement types the research team developed a model to incorporate the different data elements and to facilitate the analysis, by needs, service/placement type and by outcomes. As such a decision analysis tool (the Cost Calculator for Children's Services: CCfCS) was developed to bring together the unit costs of the social care processes with the child level data (Soper 2007; Ward, Holmes and Soper 2008).

The decision analysis tool is a Microsoft Access based software application that carries out calculations utilising child level data routinely collected within local authorities as part of their national statistical returns. The tool was originally developed to be used with the SSDA 903 data (Department for Education 2010b) on looked after children and was later piloted to use the Children in Need Census data (Department for Education 2010a) to incorporate cost calculations for all children in need. The looked after children version of the model has also been used to calculate the costs of Multidimensional Treatment Foster Care and to compare these with other placement types provided to children with similar needs

(Holmes, Westlake and Ward 2008). Furthermore, the looked after children version of the model has been utilised to better understand the costs of care leavers as they make the transition from the leaving care system (Munro *et al.* 2011b). The model has also been piloted for the set of education processes (outlined in Chapter 2) to support children with special educational needs (Holmes *et al.*, forthcoming). As well as being used by the research team, the Cost Calculator for Children's Services has been utilised by a number of local authorities in England under licence agreements.

For each child included in the data set the case management processes are identified as taking place using the dates recorded in the child level data and the appropriate unit cost for that process is included in the cost calculations. Start and end dates of services or placements are bought together with the unit costs of those services. The relevant unit costs can be applied where variations based on needs or circumstances are identified in the data. The unit costs are also linked with any outcomes variables included in the child level data. Costs are calculated for the individual child as outlined in the cost case studies included in previous chapters, and then aggregated in different ways.

It is the child level data that enables the various costs components to be identified for all the children in a sample. These calculations can then be aggregated in a number of different ways to calculate costs based on a number of different variables. At present the decision analysis tool can produce reports that calculate costs according to different child needs and combinations of needs, placement or service types or specific processes can be analysed. Different combinations of these factors can be explored, along with any outcomes data included within a data set. The model has a function to carry out a 'what if' analysis, which enables users to explore the cost impact of changing providers or placement types. It is also possible to forecast future costs of placements for looked after children, assuming that the children remain in the same placements. Costs can therefore be modelled in a variety of ways and the evidence base can be tailored to support different decisions as the need arises. In this way the application of child level data to cost calculations may be a valuable contribution to an evidence base to support decision making. The

ability to configure child level data across a range of variables has significant potential in the assessment of outcomes, planning, and commissioning and localised practice (Gatehouse and Ward 2003; Scott, Moore and Ward 2005; McDermid 2008).

A further strength of the tool is that it makes use of data that is routinely collected by local authorities for national statistical returns. Children's services departments in England record and collect a great deal of data both for the national returns and in some instances for use locally.

#### *Looked after children*

The aggregation of the unit costs using the decision analysis model in the original study facilitated an exploration of the variations in unit costs both by needs and outcomes. The research identified that children who followed the least costly care pathways appeared to have the best opportunities for developing and sustaining secure relationships with adults and their peers. Furthermore, children with the most extensive needs, particularly those who displayed emotional or behavioural difficulties and were also known young offenders, were the least likely to access routine health care, and most likely to be excluded from school, to leave education without qualifications and most likely to be unemployed. These children with the more complex needs were also identified as coming into the looked after children system on average two years later than children with less extensive needs (Ward, Holmes and Soper 2008).

The original study also identified variations in the unit costs of different placement types, the average unit cost to maintain a child (per week) in a residential placement was 8 times that of the cost of foster care and 9 ½ times that of a placement with family or friends (kinship placement). These variations were as a result of both the fee or allowance paid for the placements and variations in the 'time use activity data' to support children in the different types of placements. These placement costs have subsequently been utilised in a study to calculate and compare the costs of a specialist intervention provided to looked after children: Multidimensional Treatment Foster Care (MTFC). This is a specialist intervention developed for children

with very specific needs (Holmes, Westlake and Ward, 2008). In a study to explore the costs of the MTFCE pilots in England (MTFCE), the costs of providing these specialist placements were compared to supporting children with *comparable* needs looked after in non-MTFCE placements. The study showed a reduction in social care costs when children were placed in MTFCE. The social care costs incurred by the sample children in the first six months of MTFCE were about 15% less than those they had incurred in the six months prior to entry. The monthly costs of the *case management activities* to support children in the MTFCE placements were also substantially less than those to support children in residential placements, and on a par with placements provided by independent fostering agencies.

One of the key aims of MTFCE is to provide specialist foster care to ensure placement stability, and to support children and young people in care with the highest levels of need. The original study to cost looked after children identified high costs associated with placement instability and as outlined in Chapter 3 the study facilitated the calculation of a unit cost for each change of placement (Looked after children; Process 5), therefore illustrating how costs build up over time for children who experience frequent placement moves. The subsequent study that focussed on the costs of MTFCE considered the costs incurred over a longer time period and identified that the annual cost to maintain a child in MTFCE (including the reviewing and planning processes) is around £73,121<sup>1</sup>. This compares with an annual cost of £65,483<sup>1</sup> to maintain a child with *comparable* needs in agency foster care, £126,903<sup>1</sup> in agency residential care and £161,548<sup>1</sup> in local authority residential care (Holmes, Westlake and Ward 2008). In addition to the costs of the placement itself, when including the costs of additional 'wrap around support' provided by a range of agencies to meet the complex needs of these children, there was also some evidence that placing children in MTFCE can lead to a reduction in overall costs not only to social care, but also to other agencies such as education, CAMHS and youth justice. This is partly because the multidisciplinary activities of the MTFCE support team render the involvement of some agencies otherwise necessary for the higher needs children redundant, but also because, where

the intervention is successful, children and young people progress to a point where they no longer require some of the services (Holmes, Westlake and Ward 2008).

### *Children in need*

As outlined earlier in this chapter the decision analysis tool has also been piloted to calculate costs for all children in need. The cost calculations carried out by the tool bring together the unit costs and child level data items outlined in previous chapters.

Child level data items such as the dates of Initial Assessments or Child in Need reviews, were used to identify whether the various processes had taken place. The child level data were also used to ascertain child characteristics so that the appropriate unit cost for a particular child could be used. Key data for the calculations are the dates on which cost-generating events take place, such as dates of referrals, start and end dates of assessments and case closure dates.

Despite the limitations of the data, as outlined in Chapters 4 and 5, it was possible to use a pilot model to estimate the costs to social care for a six month time period for the sample children (see Chapter 5 for further details about the sample children). Table 6.4 shows the average total cost per child in need over the six month time period. These costs are broken down by the four participating authorities.

TABLE 6.4: The average total costs of social care activity per child undertaken with all children in the sample over the six months time period by authority<sup>1</sup>

AUTHORITY	AVERAGE TOTAL COST PER CHILD
Authority A	£1,239.10
Authority B	£1,436.17
Authority C	£1,696.59
Authority D	£984.31
All Authorities	£1,339.46
Authorities A - C	£1,458.51

<sup>1</sup> Costs inflated for financial year 2010-11

<sup>1</sup> Costs inflated for financial year 2010-11

As the table illustrates, the average cost for Authority was substantially lower than for the other three authorities. Authority D was unable to provide the same level of detail about children's needs and circumstances. In Authority D it was not possible to determine the data for some of the cost drivers outlined in Chapter 5: children subject to a Child Protection Plan and children with emotional or behavioural difficulties. Therefore, given the paucity of data on children's needs, the average cost shown for Authority D is likely to be an underestimate. This also highlights the importance of being able to easily record and extract data about children's needs and circumstances in order to facilitate accurate cost calculations.

Table 6.5 provides a breakdown of the average costs per authority by children's needs. The children who incur the highest costs are those with Child Protection Plans, or emotional or behavioural difficulties and another factor. For children in both these groups the average cost is more than three times the cost for children who have no additional needs (discounting Authority D for the reasons outlined in the previous paragraph).

One of the central aims of extending the methodology for all children in need is to explore the costs of interventions to children as they move in and out of the care system, i.e. moves between the social care system for looked after children and that for children in need. Many children in care will have received contact from social care prior to becoming looked after, and will receive support after returning home.

There were six children (n=239, so only 2.5%) in the study sample who became looked after during the study time period. Child 1 was placed in an Out of London authority and the remaining five were placed in a London authority. Table 6.6 shows the breakdown of costs incurred for these children over the six months time period. The costs calculated after the child became looked after are based on the original study (Ward, Holmes and Soper 2008). The costs have been calculated using the LAC version of the CCFCs and inflated to 2010-11 financial year. The costs incurred after the child became looked after include the social care activity to decide the child needs to be looked after (LAC Process 1), care planning (LAC Process 2), review (LAC Process 6), to maintain the placement (LAC Process 3), along with the placement fees

TABLE 6.5: Average total costs of case management processes for children with different needs by authority<sup>1</sup>

		AVERAGE TOTAL COST OVER SIX MONTHS (£)			
		All children	Children under six years with no identified additional needs	Children subject to a Child Protection Plan	Children under six years subject to a Child Protection Plan
Authority A	1,239.10	876.75	1,295.75	1,627.89	3,177.58
Authority B	1,436.17	886.82	1,414.69	2,048.50	2,906.93
Authority C	1,696.59	1,047.65	1,414.69	2,437.19	3,406.84
Authority D	984.31	386.82	1,532.95	-	-
All Authorities	1,339.46	915.62	1,425.69	-	-
Authorities A - C	1,458.51	932.22	1,428.26	1,919.12	3,160.54
					1,538.40
					3,299.86

<sup>1</sup> Costs inflated for financial year 2010-11

TABLE 6.6: Costs incurred to social care for children who became looked after during the six month time period<sup>1</sup>

	COSTS INCURRED WHILE CHILD WAS NOT LOOKED AFTER, AND IN NEED			COSTS INCURRED WHILE CHILD WAS LOOKED AFTER			TOTAL COST DURING THE SIX MONTH TIME PERIOD (£)
	Time CiN	Average cost per month (£)	Total Cost while in need (£)	Time LAC	Average cost per month (£)	Total Cost while being looked after (£)	
Child 1	5 ½ months	198.08	1,089.45	2 weeks	9,826.45	4,913.22	6,002.68
Child 2	3 weeks	104.01	78.01	5 ¼ months	11,113.80	25,006.06	25,084.07
Child 3	5 months	98.29	491.49	1 month	8,301.37	8,301.37	8,792.87
Child 4	2 ½ months	615.92	1,539.81	3 ½ months	3,988.98	13,961.42	15,501.24
Child 5	2 ½ months	316.83	728.73	3 ½ months	3,752.95	13,135.32	13,864.06
Child 6	2 months	267.51	535.02	4 months	2,303.58	9,214.33	9,749.35

<sup>1</sup> Based on the costs calculated in Holmes, McDermaid and Sempik 2010, inflated for financial year 2010-11

and allowances. The costs for Child 6 also include the social care costs and allowances. The costs for Child 6 also include the social care costs and allowances. The costs for Child 6 also include the social care costs and allowances.

The table shows that the average monthly costs for the children are notably higher once they become looked after. The timeline for Ruby included in Chapter 2 provides a detailed example of one of these children who became looked after. The timeline along with these data outlined in Table 6.3 demonstrate how extending the methodology to include children in need enables the costs of full care pathways of children with the greatest needs to be calculated.

While it was possible to calculate the costs across both the looked after children and children in need systems for six children, there were a further 15 children in the study sample for whom it was not clear whether they were looked after or children in need. The ability to identify more accurately the status of children as either in need or looked after would facilitate more effective cost calculations. Consequently, local authorities could more effectively cost children's full care trajectories and link these costs to outcomes. Improved data recording would increase the ability to examine the costs and effectiveness of services provided to those children with the greatest levels of need, and would ensure that finite resources were most effectively deployed.

Exploration of thresholds across authorities was carried out as part of the research to cost services to all children in need. Documentation from all of the authorities defined thresholds in terms of tiers or levels related to the dimensions of the Framework for the Assessment of Children in Need and their Families (Department of Health, Department for Education and Employment and The Home Office 2000). The decision to assess needs for the provision of service was determined by the tier or level of need identified in the initial contact or referral. An examination of the different levels or tiers of need that informed the thresholds demonstrated complex variations: some of the authorities referred to level one as being the lowest level of need – often referred to as 'Children with no Additional Needs', others reversed this and used level one as the highest level of need and level three as the lowest. The latter (level three) was described as pre-social care involvement. Furthermore, the documentation illustrated differences between authorities in the number of tiers that

they use. For example, some identified five tiers of needs while others only categorised needs according to three or four tiers. Another of the authorities had developed its own classification: the 'Common Assessment Thresholds of Needs and Interventions'. The latter was accompanied by a detailed flow diagram of the processes to 'ensure children and young people do not fall between these services'. It was children and young people were then split into seven based on a three level model, but levels were then split into seven separate subdivisions and pictorially presented as a pyramid with universal services at the base.

The use of differing models of thresholds and tiers for intervention makes comparison between authorities difficult. These differing approaches also exacerbate confusion around thresholds between agencies (Holmes, Munro and Soper 2010). Research has shown that social workers tend to operate higher thresholds than other professionals across partner agencies, for example education, health, housing and the police (see Ward *et al.* 2004). Furthermore, The National Foundation for Educational Research (Wilkin *et al.* 2008) has highlighted that social workers tend to have a higher threshold than teachers, and this can cause some tension, particularly where social workers are based in schools. Medical staff also perceive social workers to have higher thresholds, with the result that they may appear reluctant to intervene (Datta and Hart 2007). This evidence indicates that consistent thresholds are not yet uniformly accepted despite the production of 'universal' threshold policies. The last joint Chief Inspectors report into the safeguarding of children (Commission for Social Care Inspection 2005) also highlighted concerns about the thresholds applied by children's social care and about the level of understanding of them by other agencies. The lack of clarity over the different tiers of services across and between localities is likely to increase the confusion and add to such concerns as agencies move towards greater integration. Emerging findings from the study to explore the costs and impact of CAF suggest that some agencies within some local authorities are unclear about when a case should be considered for social care intervention and when support under the auspices of CAF would be suitable (Holmes, McDermaid and Padley forthcoming). Such confusion over

thresholds may cause delays in the provision of suitable services and may increase costs over all.

Interpretations of thresholds may also have been affected by increased anxiety about safeguarding children. Brookes (2010) identified that there had been an increase of 20.3% in the number of section 47 Enquiries being undertaken, and a 32.9% increase in the number of children subject to a Child Protection Plan between 2007 and 2010. Staff levels, however, had only risen by 10%. Concerns have been expressed by practitioners and managers in a number of studies that due to the increased demand for services, and increasing pressure on social care teams, thresholds have been set so high that many families with considerable needs are not being given adequate support or access to necessary services (Sheppard 2008a; Sheppard 2008b; Holmes, Munro and Soper 2010). It is possible that some such cases may instead be managed under the auspices of CAF and some practitioners across child welfare agencies, other than social care have raised concerns about their ability to suitably meet the needs of these children and families (Holmes, McDermaid and Padley forthcoming). As noted above, delays in providing appropriate timely intervention may result in needs increasing and requiring more costly services at a later date (Ward, Holmes and Soper 2008; Ward *et al.* 2010).

As noted in Chapter 3, where referrals do not meet social care thresholds additional activities are undertaken by social care referrer and assessment team personnel to discuss the case with the referrer and this activity incurs a cost. These findings support those found elsewhere, that further training may be required to support practitioners across other agencies to undertake assessments such as CAF, and to develop a clearer understanding about the thresholds for social care intervention (Gilligan and Manby 2008; Ward *et al.* 2008 Norgate, Triall and Osborne 2009; Easton, Morris and Gee 2010).

The issue of confusion about when to refer a case to social care is highlighted by the cost case study for Jasmine who had multiple referrals to social care within a twelve month timeframe before she was deemed to meet the threshold for social care intervention.

### Box 6.1 Jasmine's story

Jasmine was referred to social care at the age of three, two weeks into the data collection time frame, amid concerns about her parents' capacity to appropriately care for her. In the 12 months prior to the data collection time frame the family had been referred to social care three times. On each of these occasions it was deemed that the family's need was not sufficient to meet social care thresholds for intervention.

A Child in Need Plan was put in place for Jasmine following an Initial Assessment in October 2008. After increasing concerns about her parents' capacity for change, a section 47 Enquiry was completed and the child became subject to a Child Protection Plan from early December of the same year. In addition to ongoing support from the social worker, the family were offered a six week focussed piece of work on routine, delivered by the local authority's family support service.

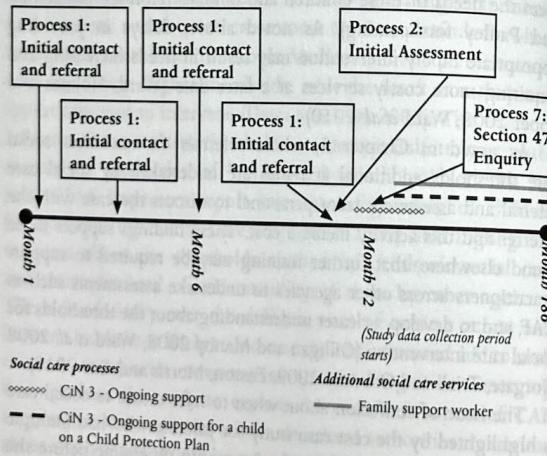


FIGURE 6.3 Timeline for Jasmine

TABLE 6.7: Costs incurred for a child with multiple referrals<sup>1</sup>

SOCIAL CARE ACTIVITY COSTS: OUT OF LONDON COSTS		ADDITIONAL SERVICES COSTS: OUT OF LONDON COSTS <sup>2</sup>					
Process	Frequency	Unit cost (£)	Sub total (£)	Service	Frequency	Unit cost (£)	Sub total (£)
CIN 1 - Initial contact and referral	3	213.19	639.58	Family Support worker	A one hour visit once a week for six weeks <sup>3</sup>	34.54	207.27
- No further action							
CIN 1 - Initial contact and referral		191.66	191.66				
CIN 2 - Initial Assessment		278.89	278.89				
CIN 3 - ongoing support (CIN)	1.5 months	192.70	289.05				
CIN 7 - section 47 enquiry		525.76	525.76				
CIN 3 - ongoing support (CP)	4.5 months	271.31	1,220.87				
<i>Cost of social care case management activity (£)</i>			3,145.81	<i>Cost of service provision (£)</i>			
<i>Total cost incurred by children's social care for Jasmine prior to the data collection period</i>							201.29
<i>Total cost incurred by children's social care for Jasmine during the 6 month period</i>							£639.58
							£5,652.04

1. Costs inflated for financial year 2010-11

2. There was no evidence of additional support services being provided by other agencies during the study timeframe

3. Bottom up cost based on a one hour visit and 40 minutes travel time

In addition to the social care costs outlined above, it is possible that additional work may have been carried out with Jasmine and her family under the auspices of the CAF before the case was allocated to social care. At the time of writing the case management processes for CAF are being drafted (see also Table 2.2) and costs of CAF are being calculated. Once these are available it will be possible to include these calculations to explore any additional costs incurred due to delays in decision making (Holmes, McDermid and Padley forthcoming).

The 2010 edition of *Working Together to Safeguard Children* (Department for Children, Schools and Families 2010) has been revised to clarify the statutory guidance on the interface between the Common Assessment Framework and the Assessment Framework for children in need and their families and threshold guidance. The unit costs of the CAF are as yet unknown, however, Holmes, Munro and Soper argue that:

'It may be beneficial for authorities to consider whether they could make efficiency savings [by] promoting more effective use of the CAF to reduce the time [social workers are spending on] ['front door' services, contacts and referrals] thereby freeing up more time to respond to 'appropriate' referrals and undertaking necessary assessments.' (2010: 48)

As previously discussed in this book, earlier research undertaken by CCFR suggests that a shift in policy focus towards preventative interventions, consolidated by the implementation of CAF, has resulted in a blurring of the boundaries between work that is undertaken specifically with children identified as being in need as defined by section 17 of the Children Act, and those receiving universal service provision, operating under a preventative agenda (Holmes, Munro and Soper 2010; Holmes, McDermid and Sempik 2010; Ward *et al.* 2008). Strategic managers participating in the study to cost all interventions to children in need reported that they would benefit from a better understanding of the numbers of families receiving support under CAF to build a more comprehensive understanding of the numbers of families receiving services and to ensure that services can be planned to meet local need.

As discussed in Chapter 4, at present there is no universal or systematic system for recording CAFs, and emerging findings suggest that the number of CAFs being undertaken within localities may be underestimated. This may be rectified by the introduction of National eCAF, a management information system for recording CAF (Department for Education 2011d). Furthermore, evidence suggests that practitioners are reticent to undertake a CAF due to concerns about their own capacity and how the CAF process may impact their caseload (Norgate *et al.* 2009; Gillian and Manby 2008). Research is currently being undertaken to explore the costs and impact of CAF (Holmes, McDermid and Padley forthcoming). It is anticipated that the evidence from this study will allow for comparative cost calculations to be carried out across systems to support looked after children, children in need and those in receipt of a CAF assessment. Being able to follow a child's journey from identification of the need for *additional services*, prior to social care involvement, will add to the evidence base to understand the cost effectiveness of early intervention and preventative services.

## Chapter 6: Summary

- Case study examples and cost timelines provide examples of how costs can be examined for individual children, and the relationship between children's needs, their circumstances and costs can be explored.
- Aggregated costs provide an evidence base for the strategic planning and commissioning of services for groups of children with specific needs, or for whole populations of children, for example looked after children, or children in need.
- The research team has developed a decision analysis tool to facilitate the calculations and to bring together all the different types of data outlined in the previous chapters (unit costs of *case management activities*; child level data outlining children's needs, circumstances, outcomes and social care support and assessments; data on *additional services*).

- Costs for children in need are increased when there are multiple referrals prior to them being considered to meet the threshold for social care intervention.
- There is a blurring of thresholds and an understanding of when children are deemed to meet the threshold for social care intervention. The methodology outlined in this book contributes to the evidence base to better understand the costs of providing support and services to these children and to better understanding the cost effectiveness of early intervention and preventative services.