

**Calculating and Comparing
the Costs of Multidimensional
Treatment Foster Care,
England (MTFCE)**

**Report to the Department for Children,
Schools and Families**

**Lisa Holmes, David Westlake and Harriet Ward
Centre for Child and Family Research,
Loughborough University**

First published in Great Britain in November 2008 by the Centre for Child and Family Research, Loughborough University.

Centre for Child and Family Research

Department of Social Sciences, Loughborough University,
Leicestershire LE11 3TU
Tel: 01509 228355
www.ccfrr.org.uk

Lisa Holmes (BSc) is a Senior Research Associate in the Centre for Child and Family Research, Loughborough University.

David Westlake (BA, MPhil) is a Research Associate in the Centre for Child and Family Research, Loughborough University.

Harriet Ward (MA, CQSW, PhD) is Professor of Child and Family Research and Director of the Centre for Child and Family Research, Loughborough University.

Citation

This report should be cited as:

Holmes, L., Westlake, D. and Ward, H. (2008) *Calculating and Comparing the Costs of Multidimensional Treatment Foster Care, England (MTFCE): Report to the Department for Children, Schools and Families*. Loughborough: Centre for Child and Family Research, Loughborough University.

Contents

Chapter One: Background and methodology	3
Introduction	3
MTFC England.....	4
Why were local authorities interested?.....	4
Aims and objectives of the current study.....	5
Methodology.....	7
Event record data.....	13
Conclusion	15
Chapter Two: Calculating the costs of MTFCE	16
Introduction	16
Cost implications of delivering MTFCE.....	16
Social care processes for children placed in MTFCE	17
MTFCE and standard foster care.....	17
Unit costs for Processes Two, Four, Seven, Eight	21
Maintaining the placement (Process Three).....	22
Decisions to place (Processes One and Five).....	25
Additional support for children in local authority foster care.....	27
Comparisons with other types of placement.....	28
Set-up costs	30
Variations.....	31
Conclusion	35
Chapter Three: How the costs of MTFCE compare against those of other placements.....	37
Introduction	37
Children’s characteristics	38
Children’s needs	39
Placements	39
Support services.....	52
Outcomes	55
Conclusion	58
Chapter Four: Messages for policy and practice.....	60
Messages for policy.....	60
Messages for practice	62
Conclusion	64
References	66

List of Boxes

Box 1.1
Social care case management processes for a looked after child 9

Box 1.2: Activity type categories 10

Box 2.1: Core MTFCE team personnel..... 18

Figure 3.1: Timeline for Child A 40

Figure 3.2: Timeline for Child B 44

Figure 3.3: Timeline for Child C 50

Figure 3.4: Timeline for Child D 53

Figure 3.5: Timeline for Child E 57

Table 2.1: MTFCE team average salaries and costs per hour (including overheads)
 19

Table 2.2: Costs of eight social care processes: MTFCE compared with standard
 local authority foster care for children who are difficult to place 21

Table 2.3: Support activity and costs of maintaining MTFCE placements 24

Table 2.4: Costs per month for maintaining MTFCE placements (Process Three)... 25

Table 2.5: Support activity and cost when children move to MTFCE placements
 (Process Five)..... 27

Table 2.6: Unit Costs of MTFCE compared with other types of care for children with
 similar needs..... 29

Table 2.7: MTFCE carer monthly fees and allowances: variations between authorities
 33

Table 3.1: Costs for Child A..... 41

Table 3.2: Number of days spent in each placement type in the 12 months prior to
 MTFCE..... 43

Table 3.3: Costs for Child B..... 45

Table 3.4: Cost of maintaining alternative placement types over a 6 month time
 period 48

Table 3.5: Costs for Child C..... 51

Table 3.6: Costs for Child D..... 54

Table 3.7: Costs for Child E..... 57

Chapter One: Background and methodology

Introduction

Multidimensional Treatment Foster Care (MTFC) is a programme of intervention designed for young people who display emotional and behavioural difficulties. The model emerged as a result of work undertaken at the Oregon Social Learning Center (OSLC) during the 1970s and early 1980s, as a cost effective alternative to group and residential care (Chamberlain *et al.*, 2002; Moore and Chamberlain, 1994). It is based upon social learning and attachment theories and provides intensive support in a family setting. A multidisciplinary team of professionals work with MTFC carers to change behaviour through the promotion of positive role models.

Placements are intensive and tailored to the child's specific needs, with 24 hour support from supervisors (Chamberlain, 2003; 304). The specialised team of professionals is responsible for the planning and delivery of the programme and each practitioner has a clearly defined role. During placement the young person's behaviour is closely monitored and good behaviour is rewarded using a points-based system. This aspect of MTFC stems from the cognitive facet of social learning theory, which notes an awareness and expectation of consequences (Bandura, 1977).

Various trials of the Oregon model have been undertaken, largely by Chamberlain and her colleagues. Most of these studies have compared MTFC with community based group care. Leve and Chamberlain (2005) concluded that when compared with a control group of youths in group care, MTFC placed youths "had fewer associations with delinquent peers at 12 months". They also found a reduction in "general delinquency" in the MTFC group (Leve and Chamberlain, 2005; 345).

Research that compared the costs of MTFC with those of other placements has also produced positive findings. Studies by both Chamberlain and Reid (1998, 1991) and Aos *et al.* (1999), for example, provided evidence that MTFC is considerably more cost effective than residential provision in the USA.

MTFC and similar initiatives have been used internationally as a method of dealing with vulnerable young people with complex needs.

MTFC England

After positive evaluation of the Oregon model, it was decided to trial the paradigm on a limited basis in England and Wales. In 2002 a pilot scheme was established to implement this trial: multidimensional treatment foster care England (MTFCE).

Funding for setting up the programme was secured by local authorities through a bidding process. Currently a total of 18 local authorities are piloting the programme for young people aged 10-16 (Every Child Matters, 2008).

The exportation of MTFC to England and Wales is part of a growing trend to introduce structured, validated interventions into child welfare practice. MTFCE shares common themes with other established interventions. These include Multisystemic therapy (MST) and the Youth Justice Board's Intensive Supervision and Surveillance Programme (ISSP), as well as localised specialist fostering programmes that have been developed by local authorities. Discussions with managers in the current study revealed that where specialist schemes already existed, local authorities considered MTFCE to fit well within their wider service provision.

Why were local authorities interested?

MTFCE has proved an attractive option for local authorities, evidenced by the high number which bid to be involved in the pilot. In light of positive evaluations, MTFCE appears to have been welcomed as a possible solution for 'difficult to place' young people with complex needs. According to one service manager, this was partly because it provides an opportunity to bring back young people who were already placed in expensive out of authority residential placements. The intensive support offered by the service gave hope that young people with the most challenging needs could be accommodated within the local authority area, and in a family setting (*Interview with service manager, 29.01.2008*).

The pilot sites are trialling MTFCE as a potentially cost effective alternative to residential care for young people with complex emotional and behavioural needs. Previous research has shown that residential care is an expensive pathway that generates mixed outcomes (Beecham, 2006; Ward, Holmes and Soper, 2008). The prospect of simultaneously reducing costs and improving outcomes was therefore given a warm welcome both by policy makers and by service providers.

Some local authorities also appear to have considered the programme as valuable to their wider looked after service: they felt that lessons learnt may be applicable to mainstream fostering and other types of care (*Interview with service manager, 29.01.2008*).

However concerns have more recently been raised by local authorities about the high costs of providing MTFC, and these have led to questions about the long term sustainability of the programme. These concerns cover two issues: the high costs of setting up MTFC, and the costs of maintaining the service.

A 'pump priming' grant designed to offset some of the set-up costs was issued to local authorities in the pilot scheme. This provided an incentive to join the pilot, but some local authorities discontinued involvement in the programme at the point at which funds from the initial grant had been spent. For example, one local authority in the current study worked in partnership with two neighbouring local authorities to set up MTFCE. At the point when the pump priming money ran out the two partner local authorities left the scheme, arguing that the costs of maintaining the service over the long term were too high.

Aims and objectives of the current study

The aim of the current study was to calculate the costs of setting up and maintaining MTFCE, and to analyse how these costs compare with those of other types of provision for young people with similar needs. It was anticipated that, by introducing greater transparency into the comparative costs of implementing this programme, it

would be possible to explore how far the perceptions of a high cost service reflect the genuine picture.

In order to address the breadth of concerns raised about the costs of MTFCE, the study would need to consider a number of cost issues. Firstly, an attempt would be made to calculate the costs of setting up the programme in each local authority, and examine how these could be distributed over time and numbers of young people placed. It would also be necessary to compare these costs with those of setting up similar schemes, including other specialist fostering services.

Secondly, the study would aim to calculate the ongoing costs of supporting a young person in MTFCE over the time period. This cost could be linked to the set up cost to form a total cost of MTFCE provision.

Thirdly, some cost comparisons would be made. The initial plan was to calculate and compare the costs incurred by the sample children during the period they were placed in MTFCE with those incurred in the year prior to placement and in the placement they would have received had the service not been available; attempts might also be made to compare the costs incurred by young people placed in MTFCE with those of young people who had similar needs, but were placed in other placements.

The research team therefore agreed to select a small subset of 25 young people placed in MTFCE in five local authorities, to calculate the unit costs they incurred to social care over a specific time period and to compare these with costs incurred by young people with similar needs in different types of provision. Attempts would also be made to explore the impact of MTFCE on the costs incurred to other services in addition to social care.

Methodology

Purposive sampling was initially used to select local authorities and young people to participate in the study.

Selection of Local Authorities

To qualify for the study, participant local authorities had to have had at least five young people aged between ten and sixteen who were, or who had been, in an MTFCE placement for six months or more. All eighteen local authorities involved in the MTFCE pilot were invited to participate in the study, with reminder emails sent to non-respondents. Five local authorities did not respond and there was a positive response from nine. Of these, eight appeared at first to meet the research criteria; however, on close inspection with the assistance of the MTFCE National Team, only five proved to be eligible. For purposes of anonymity, they have been coded A – E in this report.

A research liaison officer was appointed in each local authority MTFCE team. This person provided a link between the research team and the local authority, and proved to be a valuable asset in all cases.

Selection of young people

Five young people from each local authority were selected to form the sample for the case file data collection. This sample needed to include cases of both currently and previously placed young people in order to make it possible to estimate the continuing impact of MTFCE on costs after young people had left the programme, as well as the ongoing costs of delivering the service. The research team planned for the sample composition to be identical in each of the five local authorities: two young people who were currently placed and three who had been previously placed. Where a local authority had more than five eligible cases, the sample of young people was randomly selected. This proved necessary in three of the research sites.

Although it would have been preferable for the sample to share the same composition/ profile in each local authority, this was not possible. Because only a small number of young people had been placed in each local authority, the

composition of the sample had to be adapted to fit the cases that were available. For example, Authority A had no currently placed children who met the criteria, but five who had been previously placed. Conversely, Authority B was able to offer five who were currently placed.

In the event the planned sample of 25 had to be reduced when the research team found that one child was under the age of 10, and therefore outside the MTFCE age criteria. The research team sought a replacement case, but none were available that met the criteria. There was also a lower than expected number of previously placed children. As a result, the final sample comprised 24 children and young people, fourteen who were currently placed, and ten who had been previously placed. All children and young people were followed until the cut off date of 31st March 2008. By this time all sample children had had at least six months experience of MTFCE; the ten who had been previously placed had had between four and eighteen months post MTFCE experience.

Case file data

Case files were scrutinised for each of the 24 sample children. Data were collected on a number of attributes and experiences that previous studies have shown to impact on the costs of care pathways (Ward, Holmes and Soper, 2008). These included the child's needs, educational history and personal characteristics. The purpose was to make it possible to cost the care pathway of each child in the sample both during the period spent in MTFCE, during the twelve months before placement, and, if applicable, during the period between the end of the MTFCE placement and the end of the study in order to facilitate before and after cost comparisons

Due to the time and resource constraints of the study and the difficulties in recruitment encountered by the national evaluation team, it was not possible to match the MTFCE children with a purposively selected comparison group. Instead, data from our earlier costing studies were made available to facilitate cost comparisons.

Data necessary for cost calculations

A bottom-up methodology (Beecham, 2000) was utilised to calculate the ongoing costs of delivering MTFCE. This approach breaks activities down into their most discrete components, links them to data concerning salaries, overheads and other types of expenditure, and allows one to build up a detailed and transparent picture of unit costs. This method is best suited for unit cost comparisons, as it can accommodate the cost variations. By identifying the number and frequency of cost-related activities occurring over a specific time period it is possible to draw up a longitudinal picture of costs incurred in providing a service. The ongoing programme to implement the Cost Calculator for Children's Services demonstrates that there is only a relatively small disparity between the final figures produced by the top down and bottom up methodologies for calculating the costs of local authority care, and much of the differential may be explained by anomalies in the calculation of overheads (Sempik, Soper, Holmes and Ward, forthcoming).

In addition to the child-specific data, *activity* and *finance* data were required to perform these cost calculations.

Activity data

In a previous study the research team identified and calculated the unit costs of eight case management processes that support the ongoing provision of social care for looked after children. These case management processes apply to children placed in MTFCE as well as to those in other placements and are listed in Box 1.1 below:

Box 1.1: Social care case management processes for a looked after child

Process Number	Process Description
Process 1:	Deciding a child needs to be looked after and finding a first placement
Process 2:	Care planning
Process 3:	Maintaining the placement
Process 4:	Leaving care/ accommodation
Process 5:	Finding a subsequent placement
Process 6:	Review
Process 7:	Legal interventions
Process 8:	Transition to leaving care services

The social care activities undertaken within each of these processes were broken down into the types shown in Box 1.2 below. These include both the direct work with the child, their carers and family members, as well as 'indirect' tasks.

Box 1.2: Activity type categories

- Direct contact with child
- Direct contact with birth family
- Direct contact with carer
- Contact with professionals in relation to case
- Attendance at meetings in relation to case
- Writing of reports or case records
- Other
- Travel

Practitioners responsible for case management (the MTFCE team, allocated social workers, family placement workers) were brought together in focus groups and asked to estimate how much time they typically spent on each of these activities for each of the eight processes when a child or young person was placed in MTFCE. Focus group discussions were structured around the policy and procedure documents for each of the core roles, but participants were encouraged to base their estimates on their own experience. Activity estimates recorded therefore related to the reported activity undertaken by staff rather than that stated in guidelines.

Activity times were discussed in terms of minutes or hours per month, per week or per case, depending upon the group and the process in question. These figures were added together to produce total activity figures, organised by job and activity type for each process. An average across the five local authorities, for each of the processes was then calculated. Groups were also asked to identify factors which led to variations, and the differences in activity that these engendered.

The activity information from the focus groups was then compiled into a verification questionnaire that was distributed to all focus group attendees, and to those of their colleagues who were unable to attend. These provided an opportunity both to check

the activity figures and to fill in any missing information. The questionnaires were sent to the research liaison in each of the authorities for wider distribution. However only seven MTFCE team members responded, and replies were received from just two allocated social workers.

Focus groups

The purpose of focus group discussions was to gain a broad consensus between practitioners of the time requirements of each of the case management processes that underpinned the delivery of the service. Despite being open to criticism, the focus group consensus approach has been shown to have internal validity (Ward, Holmes and Soper, 2008; 56).

Fourteen focus groups were undertaken across the five participating authorities. Three meetings took place in four of the authorities: one involving the MTFCE team, one with a family placement/ fostering team and one with a district team that had had substantial experience of placing young people in MTFCE. In the fifth authority, focus groups were held with the MTFCE and family placement/fostering teams but the meeting with the district social work team was cancelled and was replaced by a telephone interview with one of the social workers.

Unlike the fostering and district teams, which are largely comprised of workers who have very similar social work roles, MTFCE teams are multidisciplinary, and this method of grouping posed some difficulties because team members undertook a number of very different roles. However, the logistics and cost of getting practitioners with similar roles and responsibilities from all five teams together in a mutually acceptable location precluded other arrangements.

Across the five authorities, the focus groups were attended by 33 MTFCE team members, 39 allocated social workers and 25 family placement social workers. The meetings lasted between thirty and ninety minutes, and with the exception of the telephone interview with the allocated social worker, were conducted as part of weekly team meetings.

Of the MTFCE team members, the foster care recruiters and education workers attended in all authorities. The Programme Manager and Programme Supervisor attended in three of the authorities. Reasons for absence included annual leave, case emergencies and in some instances because the post was vacant.

Triangulation of activity data: event record activity estimates

In our previous studies, the unit costs have been based primarily upon the findings of focus group discussions and the follow up, verification questionnaires. In this study, the methodology was extended to allow for the triangulation of these data by the introduction of event records. This would allow for comparison of retrospective figures obtained through focus group discussions with those recorded on a daily basis for a specific case over a three-month time period. Event records generate specific data on activity times and complement the views of practitioners attending focus groups: a prospective tool that balances the retrospective “estimates and opinions” (Byford and Fiander, 2007; 20).

Event records used in the current study were developed from the example provided by Byford and Fiander (2007). This method of recording activity can place an additional burden on participants (ibid; 22), so the event records themselves were designed in a way that made them simple and quick to complete. Practitioners were able to contact the research team to discuss queries and were encouraged to make comments if there were any remarkable aspects of an event.

Three currently placed young people in each local authority were selected as the focus for the event record data collection (total sample of fifteen children). As far as possible, this selection was stratified in consultation with the research liaison officer in each authority; the intention was to include one child who was in the early stages of MTFC; one who was well established in the programme; and another who was nearing the end of their MTFC placement. Event records were sent to all members of the MTFCE teams and to the child’s allocated social worker for completion. Participants were given the option of completing event records in either paper booklet or electronic format.

Event record data

The completion rate by MTFC team members was encouraging with 27 out of a possible 40 team members submitting information (68%). However, of these the target three-month completion time was only met by four workers; all from one authority. Some workers only completed the records for a week, the average completion length was just less than a month (26 days). Only one allocated social worker completed event records, although this was sustained over ten weeks. Moreover, event record activity data collected for most of the case management processes were incomplete, as they did not fit neatly into the study timeframe and it was unclear whether additional activities had been undertaken before or after this period.

However the data submitted for Process Three, ongoing activity to maintain the placement, were sufficiently robust to be utilised. Examination of the time use activity data for this process indicated that the estimates provided by the focus groups were substantially higher for some team members than those provided by the completion of the event records. For example, the focus groups estimated that, on average, a programme supervisor spent 54 ½ hours per month in maintaining the placement for each child for whom they had responsibility. In contrast, the event records indicated that the average activity was 13 ¼ hours per month (with a range between 8 and 21 hours).

Programme supervisors are contracted to work 37 hours per week (161 hours per month). If the supervisor really spends 54½ hours per month maintaining the placement for each child placed in MTFCE, their job becomes untenable if more than three children are placed. Even allowing for professionals working outside their contracted hours, this does not appear to be a reasonable estimate, especially as case specific activity is only one of their responsibilities.

There are numerous reasons for the high estimates that were gained from the focus groups. Common sense tells us that, during crisis periods, much greater amounts of time are spent on activities to support the placement than when all appears to be going smoothly. Yet crises are more likely to stay in the mind than more routine case

management and it may be that these form the basis of time use estimates achieved through focus group discussions.

Event record data appeared to offer more realistic estimates of activity for maintaining the placement (Process Three) in light of the number of hours personnel were contracted for and numbers of children placed. We therefore decided to utilise these estimates in calculating unit costs for this process. Inadequacies in event record data for the other seven processes led us to utilise information collected from the focus groups to calculate unit costs for the remainder. This may have produced an overestimate, but is based on the best data available at present.

Financial data

Detailed information on the set up costs of MTFCE was requested from all participating local authorities. Although information on the pump priming grants obtained by each local authority was made available by the national team (see Chapter Two), local authorities were unable to supply us with detailed information about how this funding was used. This made it impossible to calculate the start-up costs of MTFCE, or to include this factor in any but the most rudimentary calculations.

Data concerning MTFCE team staff and social work salary scales with on costs, and MTFCE carers' fees and allowances were needed to calculate the financial costs associated with each unit of activity time necessary to complete the case management processes that underpin the delivery of MTFCE. These data were made available by the participating authorities. As Chapter Two demonstrates, the unit costs were calculated by using the salary information to calculate a cost per hour for each practitioner involved and then multiplying these against the estimates of activity. Overheads were then calculated using the PSSRU formula (Curtis, 2007) and added in to produce a final figure. Information about placement fees and allowances was obtained as far as possible from the local authorities; where this was absent, standard costs from the database we have compiled from previous studies were substituted (see Ward, Holmes and Soper, 2008).

Conclusion

The discussion above describes how the study was undertaken. Data that would enable us to calculate the costs of introducing MTFCE in five local authorities were not forthcoming, and therefore these cannot be routinely included in subsequent calculations. However we have been able to collect data on the needs and experiences of a sample of 24 children and young people who spent at least six months in the MTFCE programme in five local authorities; these data cover the year preceding MTFCE, the period spent in MTFCE and the period between the end of MTFCE and the cut off point for the study for those young people who had completed their placements (just under half the sample). We were also able to collect activity data, information about practitioners' salaries and the fees and allowances paid to carers, and use these to calculate unit costs for the delivery of MTFCE over specific time periods. These costs are developed using the same methodology as the rest of our programme on the costs of children's social care and education; in the following two chapters we utilise the dataset to explore how far the costs of delivering MTFCE differ from those of delivering other services for looked after children, and how far the costs incurred by the sample children while placed in MTFCE differ from those they incurred before entry to the programme and after they had left.

Chapter Two: Calculating the costs of MTFCE

Introduction

Our earlier study of the costs and consequences of placing children in local authority care (Ward, Holmes and Soper, 2008) demonstrated how the costs of care reflect a complex relationship between the needs of children and the services they receive. While the average social care costs incurred by children who showed no evidence of additional support needs were £33,634¹ per year, those incurred by children and young people with complex emotional or behavioural needs, including offending behaviour, were £109,178, over three times as high. Moreover in each authority we found a very small group of children and young people (less than 3%) with exceptionally complex needs who incurred far greater costs than the rest of the care population. The presence of even one such child could completely skew the budget; their costs need to be calculated separately, for including them in average costs of children and young people in care obscures the variations incurred by the rest of the population.

The costs of providing and maintaining the placement account for over 90% of the costs of a care episode. As well as reflecting different levels of activity from social care staff, the substantial variations in costs incurred by children with different needs reflect variations in the type and cost of placements they receive. The cost of maintaining a child or young person for a month in residential care is 4.5 times the cost of a placement in independent living; 8 times the cost of local authority foster care; 9.5 times that of a placement with family and friends and more than 12.5 times that of a placement with parents (Ward, Holmes and Soper, 2008: 89).

Cost implications of delivering MTFCE

It is important to appreciate the intricate relationship between costs and need in order to understand the costs of delivering MTFCE. MTFCE is a therapeutic programme carried out within a foster care setting, providing a specialist service for children and young people with complex emotional and behavioural difficulties. Children who are

¹ For ease of comparison all costs given in this report are at 2006-7 prices.

eligible for MTFCE do not display the highly complex needs of the 3% who skew the budget, but they do display emotional or behavioural difficulties and/or offending behaviour and thus will cost more than those children in the care population who show little evidence of additional support needs. Standard local authority foster homes are not generally able to support children with the extensive needs of the MTFCE population; the alternative placement for those who do not access MTFCE is more likely to be a specialist foster or residential placement (see Chapter Three). Such placements are often provided by the independent or voluntary sector, and are generally thought to be more expensive than those provided in house. Because they are in short supply, they may well only be found outside the area of the local authority, and therefore incur additional costs.

It may be helpful to compare the *activity* supporting MTFCE with that supporting other types of placement including foster care, in order to understand where the differences lie. However the *costs* need to be compared with those of specialist independent foster care or residential provision in order to understand whether or not the programme provides value for money.

Social care processes for children placed in MTFCE

Our earlier study identified eight social care processes that underpin social work activity for all looked after children (see Ward, Holmes and Soper, 2008; 54). These case management processes apply to children placed in MTFCE as well as to those placed in other placements, and are listed in Chapter One above (Box 1.1).

MTFCE and standard foster care

Although MTFCE takes place in a foster care setting, it differs substantially from standard foster care. Children placed in standard local authority foster placements are supported by family placement workers, who recruit and support carers, and social workers and other social care staff who support the children and their birth families. These practitioners, in their turn, are supported by managers and by administrative staff. Children and young people placed in MTFCE continue to receive

support from their social worker who takes lead responsibility for some of these eight processes, but they are placed with foster carers who have received specialist training and who undertake a programme of intervention with the support of a highly skilled MTFCE team.

Box 2.1 shows the core composition of the MTFCE team, although additional staff are appointed in some authorities (see below).

Box 2.1: Core MTFCE team personnel

- Programme supervisor
- Individual therapist
- Birth family therapist
- Skills worker
- Administrator
- Foster carer recruiter
- Education worker

The role of the MTFCE team is to support carers and children, and deliver other aspects of the treatment programme including education support and life skills work. The programme supervisor, a clinical psychologist, oversees the treatment programme and supervises the placements and also the MTFCE team. The MTFCE team is predominantly funded from the social care budget and their activities are therefore included in the costs of those case management processes in which they are involved². In the pilot programme the MTFCE teams are supported by a National team, who deliver training and advice; the national team is funded by central government and their costs are not included in the following calculations.

² It was evident that in some of the participating authorities staff had been seconded from other agencies, or that the MTFCE team had received a financial contribution from partner health agencies. However, the data were not sufficiently comprehensive, or comparable to include in the unit cost calculations.

Financial data: staff salary costs

The annual salaries and costs per hour for the different MTFCE personnel are shown in Table 2.1 below. Costs per hour are calculated using the PSSRU schema (Curtis, 2007) and include overheads and capital costs (see Chapter One)³.

Table 2.1: MTFCE team average salaries and costs per hour (including overheads)

	MTFCE team member							
	Programme Supervisor	Programme Manager	Individual Therapist	Birth Family Therapist	Skills worker	Admin	Foster carer (social worker)	Education worker
Salary per annum	£55,383	£46,314	£30,425	£35,103	£30,580	£19,282	£37,523	£27,869
Cost per hour	£42.29	£35.57	£23.82	£27.28	£23.93	£15.57	£29.07	£21.92

For each process the salary and overhead costs have been multiplied by the time spent by the practitioners involved to calculate the unit costs.

The unit costs for all the MTFCE processes are given in Table 2.2. In this table they are shown alongside the costs incurred by children with similar needs, placed in local authority foster care. These costs have been calculated using the same methodology with activity data from our previous studies (see Ward, Holmes and Soper, 2008). To facilitate comparisons, the variation for young people with emotional or behavioural difficulties who are considered difficult to place has been used in these calculations, as this is most likely to match the profile of young people eligible for MTFCE.

³ Further work is now being undertaken in a related study to produce a more robust formula for calculating overheads which appear to be underestimated at present. This study (Sempik, Soper, Holmes and Ward, forthcoming) is due for completion at the end of 2008.

Table 2.2: Costs of eight social care processes: MTFCE compared with standard local authority foster care for children who are difficult to place

Process Number	MTFCE Cost (2006-7 prices)	LA Foster care in LA area (2006 – 7 prices)
Process One: Decision to place and finding first MTFCE placement	£6,157	£1,069
Process Two: Care Planning	£120	£120
Process Three: Maintaining the placement (per month)	£5,645	£2,729
Process Four: Leaving care/accommodation	£263	£263
Process Five: Finding subsequent MTFCE placement	£5,868	£635
Process Six: Review	£402	£572
Process Seven: Legal interventions	£2,765	£2,765
Process Eight: Transition to leaving care services	£1,164	£1,164

Unit costs for Processes Two, Four, Seven, Eight

As can be seen from Table 2.2, the use of Multidimensional Treatment Foster Care had little or no impact on the cost of those processes that continued to be 'led' by the child's allocated social worker.

The care plan (Process Two) was made *before* the MTFCE team became involved, and the majority of the activity was undertaken by the child's allocated social worker. Previous work suggests that a relatively small amount of time is devoted to care planning (Ward, Holmes and Soper, 2008; 59) and there appeared to be no variation in time spent on this activity for young people placed in MTFCE.

Process Four activity and costs, associated with the young person ceasing to be looked after, were also unaffected by the MTFCE placement. Most MTFCE placed young people move on to other placements post MTFCE; in our sample this was true for eight of the young people who were previously placed. Two of the young people

in the sample ceased to be looked after within the timeframe of the study but we did not identify any alteration to the cost of this process.

Legal activity (Process Seven) is dictated by factors other than the placement. Legal proceedings had been undertaken prior to the MTFCE placements. The cost of care orders therefore did not vary for children placed in MTFCE.

As Table 2.2 shows, MTFCE has an impact on the cost of four processes: decisions to place a child, whether MTFCE was the first (Process One) or a subsequent (Process Five) placement; maintaining the placement (Process Three) and the Review (Process Six). The cost of a review was slightly less if a child was placed in MTFCE, because the programme supervisor attends in the place of the family placement worker and a CAMHS professional. The other three processes are substantially more costly when a child is placed in MTFCE, and are explored in some detail below.

Maintaining the placement (Process Three)

Maintaining the placement (Process Three) accounts for between 95 and 97% of the total cost of a young person's care episode (Ward, Holmes and Soper, 2008; 108). Supporting the child in their placement is also the primary role of the MTFCE team. Therefore understanding how and why the costs of maintaining a child in an MTFCE placement differ from those of maintaining a child in another type of placement is an important element in being able to compare the comparative costs of MTFCE.

Typically, when a child is placed in standard local authority foster care, the social worker spends 8 ½ hours per month supporting the child and the birth family, and the family placement worker spends 6 ¾ hours per month supporting the foster carers. The process also requires a further 30 ¼ hours of administrative time. These can then be multiplied by the hourly salary rate of the different staff groups involved (inflated to allow for training time, holidays and overheads) and added together to form a support cost of £1,463 per month. The placement costs (the fees and/or allowances paid to foster carers) can then be added to the support cost to produce a

unit cost of £2,729 for this process. Unit costs of maintaining other types of placements vary according to differences in the amount of involvement from different professionals and the fees and allowances charged.

The costs of maintaining a placement are substantially altered when a child is placed in MTFCE. The involvement of the family placement worker ceases, to be replaced by that of the foster carer recruiter, who has a very similar role, but is part of the MTFCE team. The activity of the allocated social worker is heavily supplemented by the extensive involvement of the MTFCE team. As Table Two shows, each month the programme manager and the programme supervisor spend an average of 5 ¼ hours and 13 ¼ hours respectively supporting the placement. The programme supervisor spends time monitoring the placement including progress on the points and levels programme for rewarding good behaviour. The programme supervisor also spends time liaising directly both with the child and the carer. The programme manager's time is spent predominantly liaising with other professionals within children's services. The 13 hours of individual therapist time and 13 ¾ hours of birth family therapist time mainly consists of direct work with the child, their carers and the birth family, and maintaining close liaison with the programme supervisor. The education worker spends on average 13 ½ hours liaising with the school/education provision and also meeting with the child both in their placement and at the school. The specialist foster carer recruiter not only recruits new carers but continues to support them; most of the 3 ¼ hours per month they spend on each child is occupied in offering either face to face or telephone support to the carers. The foster carer recruiter is also responsible for the arrangement of weekly carer meetings. As with many of the other members of the MTFCE team, the skills workers report that much of their 14 ½ hours per month are spent working directly with the young person; the amount of direct work will also vary greatly during school holidays, or if the young person is not currently engaged in full time education. The team is supported by an administrator whose responsibilities include the recording of the weekly Parent Daily Report scores provided by the carers.

Table 2.3: Support activity and costs of maintaining MTFCE placements

Social care personnel	Type of activity			Total time taken (hours per month)	Cost (total time taken multiplied by average salary)
	Direct case specific activity: E.g. Meetings, visits, phone calls to child, carer and birth family	Indirect case specific activity: E.g. Completion of paperwork, meetings and discussion with colleagues and other professionals	Travel		
Programme Supervisor	4 hours	7 ¼ hours	2 hours	13 ¼ hours	£560
Programme Manager	No data	5 ¼ hours		5 ¼ hours	£184
Individual Therapist	3 hours	8 hours	2 hours	13 hours	£309
Birth Family Therapist	4 hours	4 ½ hours	5 ¼ hours	13 ¾ hours	£375
Skills Worker	6 ½ hours	4 hours	4 hours	14 ½ hours	£348
Administrator	1 ¼ hours	7 hours	¼ hours	8 ½ hours	£133
Foster Carer Recruiter	No data	3 ¼ hours		3 ¼ hours	£93
Education Worker	6 hours	5 hours	2 ½ hours	13 ½ hours	£296
Allocated Social Worker	2 ½ hours	4 ¾ hours	2 ½ hours	9 ¾ hours	£230
				Total:	£2528

The final column of Table 2.3 shows how the average activity time spent on each part of the process is multiplied by the hourly salary costs to produce proportionate costs for each professional involved. These are then added together to produce a total cost of £2528 per month for the *support* costs involved in maintaining the placement. Not only do MTFCE carers receive significantly more support within the programme than do standard foster carers, they are also more extensively trained and receive a higher fee. The average *placement* cost paid to MTFCE carers was £3117 per month, although, as we shall see, there were extensive variations.

Table 2.4 displays the two components of the total unit cost of MTFCE for Process Three. The mean placement cost, which includes fees and allowances paid to carers, is added to the mean support cost, which includes all social care activity, to give a mean total monthly cost of £5645 to maintain an MTFCE placement.

Table 2.4: Costs per month for maintaining MTFCE placements (Process Three)

Average placement cost	Average process/activity cost	Total unit cost
£3117	£2528	£5645

Decisions to place (Processes One and Five)

Substantial differences between the costs of delivering MTFCE and those of providing local authority foster care are also apparent in the processes of reaching a decision that a child requires placement and negotiating the first and subsequent placements. Where a child is placed with standard foster carers, typically, a social worker will undertake the direct work with the child and his or her family, complete the relevant paperwork, seek advice from their team leader and perhaps prepare a case to enable a panel of senior managers to discuss and reach an appropriate decision; a front line manager will support and supervise the social worker and perhaps become involved in the discussions with senior managers; a family placement officer will select an appropriate foster carer and prepare them for the child's arrival; his or her manager will provide supervision and may participate in approving or commissioning the placement; and a member of the administrative team will ensure that the paperwork is properly completed. The earlier study (Ward, Holmes and Soper, 2008) found that Process One (the decision to place including finding the first placement) typically took up 10 ¼ hours of social work practitioner time; 2 hours of team manager time; 6 hours of family placement worker time; 3 hours of family placement team manager time; ¼ hour of administrator time and 1 ¾ hours of other social services staff time. This was at a cost of £639. If the child was thought to be 'difficult to place' the extra activity required of the allocated social worker and the family placement team increased this cost to £1069. Process Five, which involved less negotiation with senior managers, typically took 1.5 hours of family placement team manager time; no hours of team leader time; 3 hours field social worker time; 3 hours from a family placement worker and ½ hours of administrative time. This was at a cost of £205, which increased to £635 if a child considered 'difficult to place' was moved to a foster care placement, and more if the next placement was in residential care.

Most children and young people who are placed in MTFCE have already experienced a number of placements in local authority care. Moving them to an MTFCE placement is therefore most commonly undertaken as Process Five (finding a subsequent placement). This is a costly activity, requiring extensive direct work with the young person. The programme supervisor in Authority B described this process as a “war of attrition”, where many visits to the child are necessary to persuade them that the programme is the right option for them. She claimed for young people that were often not interested in MTFCE at the outset much time is spent explaining to them how the programme works and what its benefits might be.

As Table 2.5 shows, when a child who is already placed in local authority care moves to an MTFCE placement, the programme supervisor spends 45 ¼ hours on both direct and indirect activity and travel. This involves visiting the child, carers and birth families and also extensive liaison with colleagues and professionals within and outside social services. Much of the time with the child and birth family is spent on informing them about MTFCE and encouraging them to agree to the placement. The programme manager spends the majority of time (7 ¼ hours) on indirect work, much of which is liaising with MTFCE team members. The individual therapist spends 49 ½ hours on this process, the majority of which is time spent with the child or travelling to and from placements. The birth family therapist spends 10 ¼ hours on visits to the child and birth family and on indirect work relating to the case, while the work of the skills worker (2 ½ hours) and administrator (8 hours) is largely indirect. The foster carer recruiter spends 46 ¼ hours mainly visiting carers and offering them general support. The education worker spends 11 ½ hours mainly reading educational records and liaising with schools. The 17 ¾ hours activity from the allocated social worker is largely (15 ¼) spent liaising with the MTFCE team and other professionals regarding the change in placement.

Table 2.5: Support activity and cost when children move to MTFCE placements
(Process Five)

Social care personnel	Type of activity			Total time taken (hours per month)	Cost (total time taken multiplied by average salary)
	Direct case specific activity: E.g. Meetings, visits, phone calls to child, carer and birth family	Indirect case specific activity: E.g. Completion of paperwork, meetings and discussion with colleagues and other professionals	Travel		
Programme Supervisor	15 ½ hours	12 ¼ hours	17 ½ hours	45 ¼ hours	£1, 911
Programme Manager	0 hours	7 ¼ hours	1 hour	8 ¼ hours	£293
Individual Therapist	20 hours	9 ½ hours	20 hours	49 ½ hours	£1, 179
Birth Family Therapist	5 ¾ hours	2 ½ hours	2 hours	10 ¼ hours	£280
Skills Worker	0 hours	2 ½ hours	0 hours	2 ½ hours	£60
Administrator	0 hours	8 hours	0 hours	8 hours	£125
Foster Carer Recruiter	19 ¼ hours	5 ½ hours	21 ½ hours	46 ¼ hours	£1, 344
Education Worker	2 ½ hours	9 hours	0 hours	11 ½ hours	£252
Allocated Social Worker	1 hours	15 ¼ hours	1 ½ hours	17 ¾ hours	£424
				Total	£5,868

A small number of children and young people move directly from home to MTFCE placements. When this happens the MTFCE team undertake all the activity shown in Table 2.5 alongside additional extra input from the allocated social worker. Once again, the costs of this process are substantially higher than the costs of deciding to place a child in local authority foster care.

Additional support for children in local authority foster care

The discussion above demonstrates how and why the costs of providing MTFCE differ from those of providing local authority foster care. However, as already noted, standard foster placements are not really appropriate for children who display the complex profile of needs which the MTFCE programme is designed to meet. Such children are more likely to be placed in specialist foster or residential care, although

often only after they have run the gamut of other placements (Ward, Holmes and Soper, 2008). In addition to social care support they may also receive extra assistance from child and adolescent mental health teams (CAMHS), from education staff and/or from youth offending teams. Where children are placed with standard local authority carers, this extra support is deemed to come from a different budget and is not routinely included in the costs of care, although our current programme of research on the costs and outcomes of children's services is in the process of calculating these costs and we are able to include many of them in the timelines in the following chapter. Where children and young people are placed in MTFCE, this support is provided by the local authority funded MTFCE team and has therefore been included in the costs (one of the factors which contribute to the differential). Many foster or residential placements provided by the independent sector offer a wraparound package, including psychotherapeutic and sometimes educational support. This is not usually a structured programme delivered by a multidisciplinary team along the lines of MTFCE, but nevertheless it is a more comprehensive package than that provided by social care, and the costs are often included in the placement fee charged to local authorities. Some of the independent fostering agencies also offer a 24 hour backup service to carers – another function of the MTFCE team – the cost of which is again included in their fees. There are therefore a number of reasons why the costs of MTFCE should more appropriately be compared with the costs of agency residential or foster care. Moreover in those relatively few cases in the sample which had data on where the child would have been placed had MTFCE not been available, five indicated agency placements, although the data did not indicate whether these would have been in or outside the area of the placing authorities.

Comparisons with other types of placement

Table 2.6 displays the unit costs for each process when children are placed in agency foster care or residential care, along with the unit costs of placing them in MTFCE and standard local authority foster care. The costs for local authority and agency foster care and an agency provided residential unit are taken from the earlier study undertaken by Ward, Holmes and Soper (2008).

Table 2.6: Unit Costs of MTFCE compared with other types of care for children with similar needs

Process Number	LA Foster care in LA area (2006 – 7 prices)	Agency Foster care in LA area (2006 – 7 prices)	Agency Residential in LA area (2006 – 7 prices)	MTFCE Cost (2006-7 prices)
Process One	£1,069	£1,391	£1,346	£6,157
Process Two	£120	£120	£120	£120
Process Three	£2,729	£5,020	£9,818	£5,645
Process Four	£263	£263	£263	£263
Process Five	£635	£956	£1,036	£5,868
Process Six	£572	£572	£572	£402
Process Seven	£2,765	£2,765	£2,765	£2,765
Process Eight	£1,164	£1,164	£1,164	£1,164

All these calculations are for children who display emotional and behavioural difficulties and whose previous experience labels them as 'difficult to place' - typical attributes of children who are eligible for multidimensional treatment foster care.

As Table 2.6 shows, the average monthly cost for maintaining an MTFCE placement (Process Three) is around £500 higher than that of maintaining a placement in agency foster care, but about 60% of the cost of maintaining a placement in agency residential care. The costs of arranging MTFCE placements (Processes One and Five) are still around £5000 higher than those of arranging placements in agency foster or residential care. It should, however, be noted that while the Process Three costs are ongoing, those for Processes One and Five are discrete; if, as is anticipated, children achieve greater stability when placed in MTFCE, the reduction in the frequency of moves will, to some extent, balance out the high costs of changes of placement. Moreover each month that a child or young person spends in MTFCE will cost less than a month in agency residential care, even after the extra and after the first five weeks the extra costs of arranging the placement will have been

recuperated. The costs that we have for local authority residential care (Ward, Holmes and Soper, 2008) show a similarly large differential in favour of MTFCE, but comparisons are less easily made because the costs of wraparound services are not included.

Set-up costs

In addition to the continuing costs of delivering MTFCE there were also significant one-off costs incurred in setting up the programme. Piloting authorities were awarded pump priming grants to cover these costs: four of these were for £400,000 and one for £280,000. Pump priming grants should have covered the costs of recruiting and training specialist MTFCE carers and the MTFCE team who draw their skills from a range of disciplines, as well as any training required by employees already in post such as field social workers and family placement officers who need to work alongside the MTFCE team. There would also have been extensive administrative activity necessary to negotiate contracts, locate suitable premises to house the team, and provide sufficient infrastructure to ensure its satisfactory functioning. We had initially planned to calculate these costs; they could then have been allocated proportionately across the processes of delivering MTFCE over the time periods in which it has operated, demonstrating that, as with any innovation, the longer the programme has been implemented the less significant do the start up costs appear. However, as we have indicated in Chapter One of this report, we were unable to obtain the necessary data to perform these calculations. It should, however, be noted that any new service will require start up costs and that these are rarely included in cost calculations. Costs given in this report for the delivery of local authority foster or residential care do not include the initial costs of setting up the service, recruiting and training foster carers or purchasing and staffing residential accommodation, although they may sometimes be included as overheads in the fees charged by the independent sector (see Sempik, Soper, Holmes and Ward, forthcoming). A fuller calculation of costs would include the cost of setting up services, but that cannot be undertaken until adequate data are available.

Variations

The calculations given above show the average costs of MTFCE and how they compare with the average costs of other types of placements. However we found that the costs of providing MTFCE were by no means uniform, and that certain factors led to substantial variations in costs between the different local authorities.

Local authority variations: salaries

Firstly, although the specification for each job type was similar in each local authority, salary costs for core team personnel varied considerably. For example, the salary cost of the programme manager in Authority B was £63,972, while the cost in Authority E for the same role was £32,593 per year. This wide variation in salary costs was also evident in other core job types within the MTFCE team. The cost of an administrator in Authority A was £9,378, while the same cost in Authority C was more than double: £24,997.

There are various possible explanations for such a wide range of salary costs. For example, the age, qualifications and experience of team members are likely to have an impact. Further analysis of why these cost vary so much between local authorities, and whether the higher salary costs reflect a more effective team and lead to better outcomes, was beyond the scope of the current study.

Placement fee/allowance variations

As well as variations in the salaries of the MTFCE team members, there were also significant variations between the fees and allowances paid to carers.

These are listed in Table 2.7 on the following page. Carers received a standard fee and allowance in all local authorities except for Authority D, where they received a standard fee, but the allowance was stratified along age groups of the young people who were placed. This was £587.72 per month for 10 year olds, £731.68 for young people aged 11-15, and £889.34 for young people between 16 and 18 years of age. In Table 2.7, the allowance shown for local authority D is a mean average of the three age-specific allowances.

Table 2.7: MTFCE carer monthly fees and allowances: variations between authorities

Local authority	Fee	Allowance
A	3,057.30	708.46*
B	2,342.35	714.94
C	1,978.34	730.46
D	2,418.44	736.25**
E	2,247.92	652.20

* The allowance figure was not provided by Authority A. This figure is an average of the figures provided by the other four authorities.

** The allowance in Authority D was divided into three age related bands, the figure shown is an average of these.

While there is relatively little difference in the allowances for each local authority (a range of £84.05), the difference in fee payments is considerable, ranging from £1,978.34 to £3,057.30 per month. This fee is paid to carers regardless of whether they have a child placed with them.

There are various possible reasons for this extensive variation, including competition for carers. Discussions with fostering and MTFCE teams suggested that the rate of pay was a key consideration for potential MTFCE carers. The fostering team in Authority C explained that they sometimes encountered prospective carers who seek larger payments than mainstream foster care can offer. In these cases they passed on the details to the MTFCE team, who were able to offer higher fees.

One form of competition for carers who are willing to look after children with complex needs is found in the wider care provision within an authority. Some local authorities in the study offered other specialist fostering schemes, in addition to MTFCE. In these authorities the MTFCE service is effectively 'competing' for potential carers, and it may need to offer more substantial rewards to attract prospective carers.

Competition for carers who might consider MTFCE may also come from the independent sector. Again, this is beyond the scope of the current study, but it may be that local authorities which make extensive use of independent fostering providers

(IFPs) may find it necessary to offer higher payments to MTFCE carers in order to present a competitive package.

Local authority variations: type and cost of accommodation

The current study also found that the type and cost of accommodation for MTFCE teams is highly variable, and this will also impact on the cost of providing the service. For example, at the outset of the study, the MTFCE team in Authority B had sole occupation of an isolated country house. During the study they moved to new, temporary accommodation in an urban location. This was a family centre owned by children's social services and shared with other departments. The MTFCE team in Authority E occupied offices in a Primary Care Trust building, while the team in Authority D was based in a large segregated office in a children's social services building, which it shared with mainstream fostering and adoption teams. In Authority C the team were accommodated rent free in another outpost.

Accommodation costs obviously varied according to the type of premises provided, whether or not they were owned by the local authority and the amount of rent charged. However some of the other factors, such as the location of the team and the extent to which it was isolated from practitioners providing related services, had a significant impact on the activity and therefore the costs of service delivery. For instance, in Authority D, the costs of liaising with the mainstream fostering team with whom the MTFCE team shared the same building, were considerably less than those in Authority C, where they were isolated from other practitioners. On the other hand the programme manager in Authority C remarked that the rural location of many foster homes was a factor in the effectiveness of the treatment model. He suggested that the young people on the programme were removed from the temptations present in the cities, and therefore that absconding was a less attractive option. There is not sufficient data in the current study to test out this assumption, but any reduction in absconding would lead to a reduction in the costs of both supporting existing placements and finding new ones.

Conclusion

There are therefore wide variations between authorities in the costs of delivering multidimensional treatment foster care, relating to differences in salaries paid to the MTFCE team, the location of the team and the fees and allowances paid to MTFCE foster carers. However these variations have been obscured throughout most of this chapter, where we have shown the *average* costs of providing the service calculated from data from all five local authorities studied.

Thus while there are deviations around the mean, the calculations show that the *average* costs of negotiating and finding MTFCE placements are about £5,000 more than the costs of arranging other placements. The average monthly costs of maintaining children and young people in MTFCE placements are just over twice those of maintaining them in standard foster care, minimally more than the *average* costs of agency foster care and about 55% of the costs of agency residential care.

In comparing MTFCE with other placements, the reasons for these differences need to be taken into account. MTFCE is a structured programme for children with complex needs delivered within a foster care setting. The children placed in MTFCE are unlikely to be suited to standard foster care, and therefore comparing the costs of these two types of care can produce misleading conclusions, for these children are more likely to be placed in agency foster care or residential units. There are extensive discussions and careful preparation before children and young people enter MTFCE, hence the high costs of arranging placements. The programme itself is delivered by highly skilled carers, surrounded by a multidisciplinary team who provide intensive support including 24 hour backup. A placement in MTFCE that lasts for two months or more is less costly than one in agency residential care, even after the higher costs of arranging the placement have been taken into account. It is also substantially less costly than one in local authority residential care, although exact comparisons are more problematic. If MTFCE provides greater stability for children the financial costs will be less than those of agency foster care. If other outcomes such as emotional and behavioural development, attachment and education also improve, then the benefits will be far greater, both in financial and in human terms.

Chapter Three: How the costs of MTFCE compare against those of other placements

Introduction

This chapter explores the needs, characteristics and placements of the children in the sample. Comparisons are made between the placement types and costs, exploring the experiences of the children in the year prior to their placement in MTFCE, during MTFCE and, where relevant, in placements made after MTFCE.

The data relating to the children and their placements were collected from the files held by the MTFCE teams. We also requested access to the Management Information System (MIS) in each of the authorities. In three of the authorities the MTFCE team administrator facilitated the extraction of data from the MIS, the researcher extracted information directly from the system in the fourth and it was only possible to access paper files in the fifth authority. For some of the children there was a lack of information on the files, and placement types were not always clear. For the purposes of analysis unknown placement types were re-coded as local authority foster care, as this is the most common placement. These placements are also relatively low cost (see Chapter Two, above). Coding unknown placement types in this manner ensures that costs are not artificially high, but also means that the total cost of placements prior to MTFCE is likely to be an under-estimate. Length and numbers of placements show a high level of variation around the mean (Ward, forthcoming) and therefore median rather than mean figures are frequently shown in the following analysis in order to provide a clearer comparison.

All the cost calculations in this chapter have been carried out using the Cost Calculator for Children's Services (CCfCS), a tool developed by the research team for their overall programme on relating costs to outcome in children's services (Soper, 2007). The CCfCS uses child and placement data along with the process costs outlined in Chapter One and the placement fees/allowances to generate the cost of looking after a child, or groups of children over a specified timeframe.

This chapter also includes case studies, with cost timelines to illustrate the differences between costs and experiences for a sub sample of five children. These children were purposively selected to illustrate how different configurations of need and experience impact on costs over time. All the timelines show an eighteen month time period to include placements prior to MTFCE, during MTFCE, and for one child, placements post MTFCE.

Children's characteristics

All 24 children in the sample were aged between 10 and 16 at the time of their first MTFCE placement. There were thirteen boys and eleven girls. Twenty-three of the sample children were White British, and one was of dual heritage (White and Asian).

A child's age at entry to care has obvious implications for the cost of care episodes; we also know that the longer children are looked after the less likely they are to return to their families (Millham *et al.*, 1986; Bullock, Gooch and Little, 1998). Data concerning the age at the start of the current care episode and the length of time looked after prior to MTFCE were available for 22 children and young people. Most (12: 55%) were aged ten or more when the care episode began; eight (36%) were aged between 5 and 9 and the remaining two children became looked after before their fourth birthdays. The length of time looked after prior to MTFCE was surprisingly short for some children, with five (23%) having been looked after for less than six months and a further five for less than two years at entry; the remaining 12 (55%) children had spent between two and ten years continuously in care or accommodation before entry to the programme.

Most of the children in the sample were placed in care or accommodation either because of abuse or neglect (11: 46%) or as a result of their socially unacceptable behaviour (10: 42%). The remaining three children became looked after either because of parental illness/disability (one child) or because their birth family were in acute stress (two children).

Eleven children had full care orders and the remaining thirteen were accommodated under section 20 arrangements. As we have seen in the previous chapter, there are additional costs associated with obtaining a care order; however, all the care orders had been granted prior to placement in MTFCE.

Children's needs

As outlined in Chapter Two, our earlier study (Ward *et al.*, 2008) identified a number of additional support needs that impact on the cost of providing a service to looked after children. Furthermore, the cost of providing services is likely to increase incrementally according to the number of additional support needs displayed. As would be expected, all of the children in this sample fell into the more costly additional needs groups; they all displayed emotional and behavioural difficulties and nine of them had also committed criminal offences prior to placement in MTFCE.

Although much education data was missing from the children's files, it was evident that sixteen (67%) had statements of special educational needs, and that half of the sample had been excluded from mainstream school prior to their MTFCE placements.

Placements

Placements prior to MTFCE

All except two of the sample children were already looked after prior to entering MTFCE. Of the two who came into the programme directly from home, one had been receiving an extensive package of social care support prior to entry and the other moved to MTFCE from an adoptive placement which had broken down.

The number of placements prior to MTFCE ranged from none to five, with an average (mean) of two. The length of these placements ranged from four days to nearly five years, with a median length of around four months; the average (mean) placement length was closer to nine months.

The following case study for Child A illustrates the experiences of those children who experience multiple placement changes prior to MTFCE.

Child A

Child A was a boy of white British origin who first became looked after because of parental illness at the age of 6. He returned home and then was placed back in foster care, provided by an independent fostering agency, at the age of 10. This placement lasted for seven months when he then moved to another foster placement, again provided by an independent fostering agency, that lasted for one month. These were followed by two further foster placements provided by the local authority for seven and two months respectively. All placements broke down as a result of challenging behaviour. Child A was then placed in MTFCE and remained there until the end of the study period (for six months). Prior to MTFCE Child A's mother refused any contact with him; however, for the duration of the MTFCE placement contact was re-instigated on a two monthly basis. Child A attended mainstream school throughout the study time frame.

Figure 3.1: Timeline for Child A

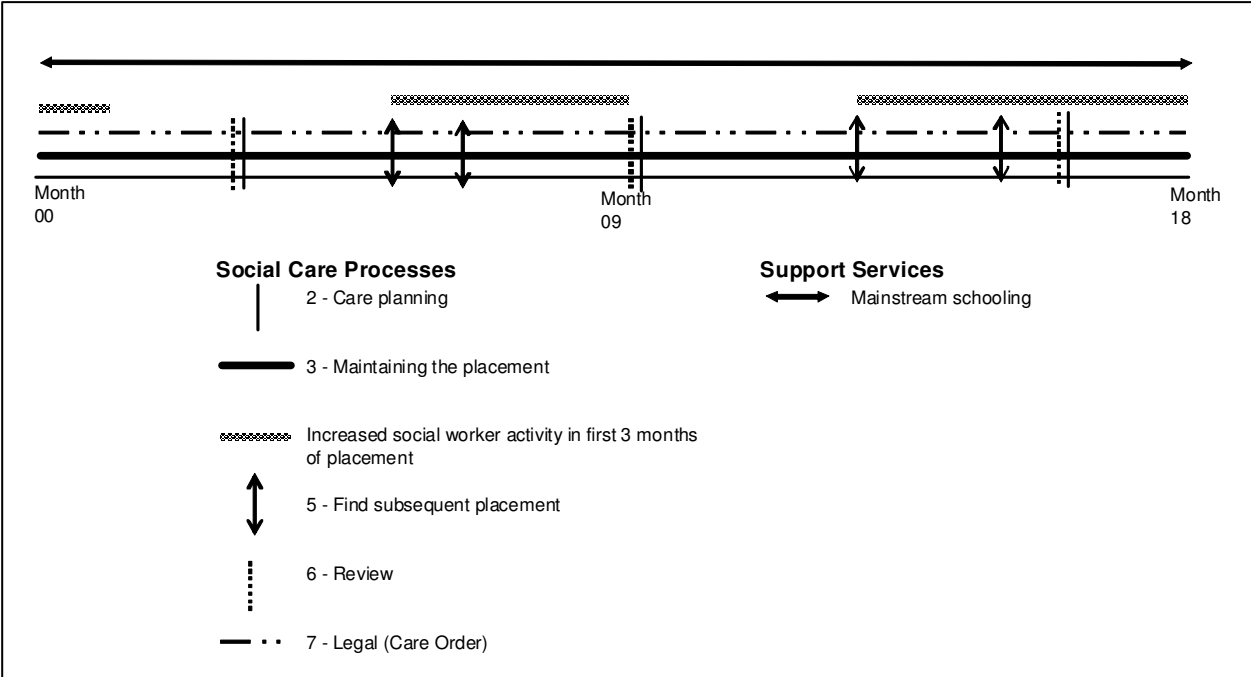


Table 3.1: Costs for Child A

At the start of the timeframe shown on the previous page, Child A was placed with agency foster carers. He had been in the placement for two months and the placement then continued until month 5. Child A then moved to another placement with agency foster carers which lasted for just one month.

He was then placed in two local authority foster care placements that lasted for seven and two months respectively. In month 16 Child A was placed with MTFC carers. The placement was ongoing at the end of the study time frame. LAC reviews were held at six-monthly intervals and his care plan was also updated six-monthly.

Throughout the time frame shown Child A attended mainstream school with no additional support.

Costs of processes (at 2006-7 prices)					Costs of services (at 2006-7 prices)		
Process	Cost to LA	Total	Cost to other agencies	Total	Service	Cost	Total
2 - Care planning	£120 x 3	£360	£148 x 3	£444	Mainstream school	£21.40 ^c per day	£6,099
3 - Maintaining the placement	£70,577 ^a	£70,577					
5 - Find subsequent placement	£8,095	£8,095					
6 - Review	£1,501	£1,501	£47 x 3	£141			
7 - Legal	£7 x 78 ^b	£546	£10 x 78	£780			

Total cost incurred by children's social care to look after Child A during the study period	£81,079
Total cost incurred by other agencies for Child A during the study period	£7,464
Total cost incurred during 18 month study period (78 weeks)	£88,543

The displayed values of the costs estimates and totals have been rounded to the nearest integer. It therefore may not be possible to exactly reproduce the totals from the rounded cost estimates that are displayed.

The costs to other agencies are likely to be an underestimate. Further work is currently being undertaken to cost health and mental health services provided to looked after children (Holmes and Jones, forthcoming).

^a This cost includes the activity to support the placement. This figure includes an increase in activity during the first three months of placements.

^b The cost to obtain a care order has been divided over the total number of weeks between the date of the order and the child's 18th birthday.

^c Unit costs taken from Holmes *et al.* (forthcoming).

The timelines and costs for Child A illustrate how the costs of placement change can accrue over time, with a cost of £8,095 to facilitate the four changes of placement that Child A experienced over the eighteen month timeframe. The costs to other agencies for Child A were relatively low, and only accounted for around 10% of the total costs.

Just prior to placement in MTFCE around two thirds (15:68%) of the children were placed in foster care: five of these placements were either out of the area of the placing authority or were provided by the independent sector. The average monthly unit cost of maintaining these placements ranged from £2,729 to £5,145. The remaining seven children were in residential placements immediately prior to moving to MTFCE. These residential placements ranged from in-house provisions to an agency provided unit out of the area of the placing authority. The monthly costs of maintaining these residential placements ranged from £9,818 to £13,367. Chapter Two has shown that the monthly cost of maintaining a placement in MTFCE is £5,645.

Our earlier study found that the cost of maintaining a child in a placement accounts for between 95% and 97% of the total cost of the care episode (see Ward, Holmes and Soper, 2008). Therefore it is important to consider the amount of time spent in each of the placement types in order to explore how costs build up over time. Table 3.2 shows the number of days the sample children spent in each of the placement types in the year prior to MTFCE. The second column displays the monthly cost to maintain each of the placement types.

Table 3.2: Number of days spent in each placement type in the 12 months prior to MTFCE

Placement type	Process 3 cost per month	Number of placement days*	% of placement days
La foster care in La area	£2,729	2590	42
La foster care outside La area	£1,812	355	6
Agency foster care in La area	£5,020	469	8
Agency foster care outside La area	£5,145	568	9
La residential in La area	£13,367	643	10
Agency residential in La area	£9,818	306	5
Agency residential outside La area	£9,943	811	13
Agency residential with education outside La area	£11,085	179	3
La young offenders institution outside La area	£2,590	183	3
Parents in La area	£697	69	1

* The number of placement days does not include the figure for unknown placement types (total of 189 days)

As Table 3.2 shows the most common placement type prior to MTFCE was with local authority foster carers within the local authority area, accounting for 42% of all the placement days. Residential units provided by the independent sector, outside the area of the placing authority, were the second most common placement type, accounting for 13% (811) of placement days. Whilst this is substantially less than the number of days spent in local authority foster care, the monthly cost to maintain these placements is more than 3.5 times greater.

Overall, placements provided by the independent sector accounted for 38% of all of the placement days in the year prior to MTFCE. For about a third (34%) of the placement days, the children were placed out of the area of the placing authority. These placements cost around an additional £125 a month to maintain, due to the increased activity by the child's allocated social worker to travel to the placement to provide support (Ward, Holmes and Soper, 2008: 89). These placements also tend to be unpopular with children and young people because of the distance from birth

families and friends, although they may have the advantage of distancing young people from a delinquent peer group.

The case study and timeline for Child B below shows an example of a child placed in a specialist residential placement, outside the area of the authority prior to entering the MTFCE programme.

Child B

Child B was a girl of white British origin, aged sixteen when she was first placed in MTFCE. She was first accommodated by the local authority at the age of fourteen because she was being abused, and was placed in a specialist residential unit for young people with mental health problems for 15 months; this placement was provided by the independent sector, out of the area of the placing authority. Child B did not have any contact with her birth family either prior to or during her MTFCE placement. Child B was diagnosed with a personality disorder and depression and had self harmed on numerous occasions. Child B did not complete her statutory schooling, mainly because transport could not be arranged from the out of authority placement. She did however, enrol at a further education college during her placement in MTFCE and obtained a BTEC qualification and two GCSE's. At the close of the study Child B had been in her MTFCE placement for eight months and an exit plan had still to be agreed.

Figure 3.2: Timeline for Child B

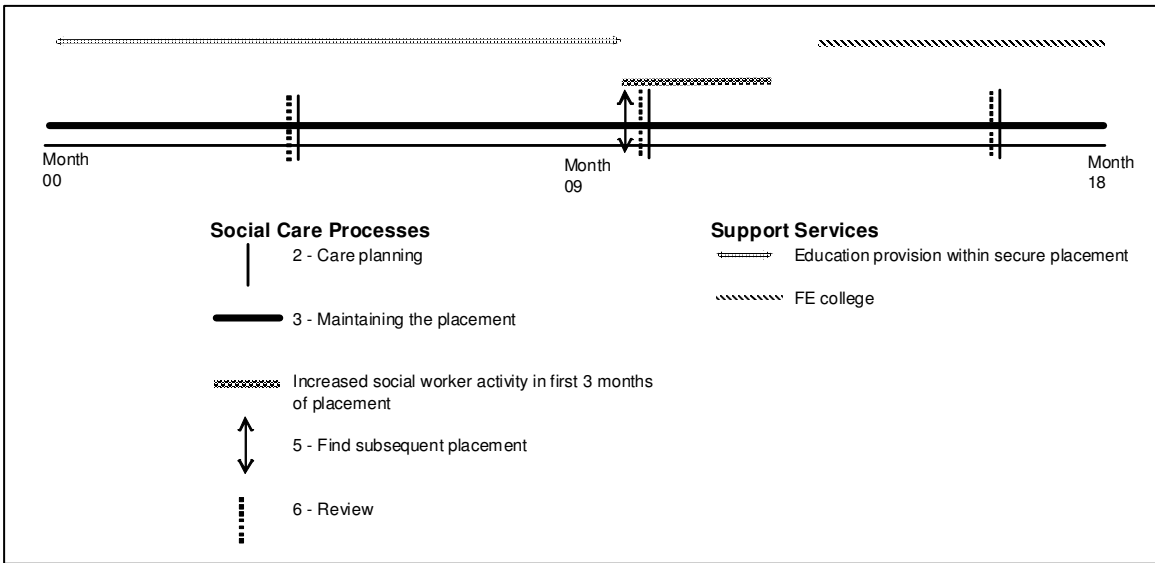


Table 3.3: Costs for Child B

At the start of the timeframe shown in Figure 3.2, Child B was placed in a specialist residential unit for young people with mental health problems; the placement was provided by the independent sector, out of the area of the placing authority. In month ten Child B moved to an MTFC placement where she remained until the end of the study time frame.

LAC reviews were held at six-monthly intervals and her care plan was also updated six-monthly.

Following attendance at the education provision within the agency placement Child B did not complete her statutory schooling, although she did attend at a further education college during her placement in MTFC.

Costs of processes (at 2006-7 prices)					Costs of services (at 2006-7 prices)		
Process	Cost to LA	Total	Cost to other agencies	Total	Service	Cost	Total
2 - Care planning	£120 x 3	£360	£148 x 3	£444	Further education college	£21.40 ^b per day	£1,355
3 - Maintaining the placement	£156,320 ^a	£156,320					
5 - Find subsequent placement	£5,868	£5,868					
6 - Review	£1,782	£1,782	£47 x 3	£141			

Total cost incurred by children's social care to look after Child B during the study period	£164,330
Total cost incurred by other agencies for Child B during the study period	£1,940
Total cost incurred during 18 month study period (78 weeks)	£166,270

The displayed values of the costs estimates and totals have been rounded to the nearest integer. It therefore may not be possible to exactly reproduce the totals from the rounded cost estimates that are displayed.

Note there is not an additional cost for the education provision in the residential unit. This cost is included in the placement fees.

The costs to other agencies are likely to be an underestimate. Further work is currently being undertaken to cost health and mental health services provided to looked after children (Holmes and Jones, forthcoming).

^a This cost includes the activity to support the placement. This figure includes an increase in activity during the first three months of placements.

^b Provisional unit cost based on mainstream school taken from Holmes *et al.* (forthcoming).

The social care costs for Child B were more than double those for Child A, for the same timeframe. These costs for Child B were higher as a result of placement in a specialist unit for the first ten months of the timeline. The process three costs for Child B accounted for 95% of the total costs shown in Table 3.3. The costs to other agencies were lower as a result of the additional support costs being included in the placement fee element.

The total placement costs (including fees and support costs) for these 22 children and young people in the twelve months prior to MTFCE was £1,158,801. By comparison if they had spent the same number of days in MTFCE this cost would have been reduced by around £13,154 to £1,145,647.

However this comparison does not take into account the costs of the planning and reviewing process or the costs of instability, as the children changed placements frequently before, but also sometimes during, their time in MTFCE.

MTFCE placements

As outlined above, the sample only included children placed in MTFCE for at least six months. The median length of the MTFCE placements was around ten months, five months longer than that of placements prior to MTFCE: the longest MTFCE placement lasted for almost two years (22 months), the shortest just seven weeks.

Although all the young people remained in the MTFCE programme for six months or more, five of them experienced placement moves whilst in MTFCE. These occurred for a variety of reasons. For example, in one case the move was a result of carers over-chastising the child; others occurred because carers were unable to cope with children's challenging behaviour. Exploration of the placement changes suggested that although these occurred prematurely, moves were undertaken on a managed basis.

Using our costing methodology it is possible to calculate the total social care costs incurred by the sample children for the six month timeframe prior to placement in MTFCE and then compare these with the total cost for the six month time period when all children were placed within the MTFCE programme. These total costs pick

up all the process costs as outlined in Part Two, including the activity to facilitate placement changes, both prior to MTFCE and for the changes undertaken on a 'managed basis' whilst in MTFCE; these costs also include the costs of care planning and review within this period. The total cost to social care for the 22 sample children looked after in the six months prior to MTFCE was £806,379. The total costs for all 24 children, for the first six months in MTFCE was £682,618; a reduction of £123,761.

Alternative placements

When children entered the MTFCE programme, the pilot authorities were required to record details of the alternative placement that might have been offered had MTFCE not been available. Analysis of the alternative placement types allows for some cost comparisons between MTFCE and other placement provisions. This is perhaps a more realistic comparison than that shown above, as most children entered MTFCE because their previous placements were thought to be unsuitable or unsustainable.

The research team experienced some difficulty obtaining details of the alternative placements proposed for the sample. With assistance from the National Team we were eventually able to obtain these data for ten children, from two of the participating authorities.

As well as listing the alternative placement types, the pilot MTFCE authorities were required to record the anticipated weekly fees and/or allowance. However, on inspection there appeared to be some anomalies in the figures provided. For example, in one local authority, the weekly allowance for standard in house foster care within the local authority area was listed as being more expensive than the allowances and fees paid to MTFCE carers. In the other authority, the stated cost of the alternative independent residential unit was less than half that of a residential placement provided by the local authority. In light of these anomalies, we decided to make comparative calculations for the placement types that were supplied, but to utilise standard unit costs (to include both the fees/allowances and process costs as outlined in Part Two) based on earlier research in six local authorities (Ward, Holmes and Soper, 2008).

For the ten young people for whom data on alternative placements was available, five different placement types were identified. Four children would otherwise have been placed in residential units provided by the independent sector, and two in local authority residential units. Three children would otherwise have been placed in foster care: two in house and one in an IFP placement. The alternative for the final child was a placement with their own parents.

Table 3.4 below shows the cost over a six month time period for each of these alternative placement types, alongside those of MTFCE. These costs include both the fees and allowances and the support costs of maintaining the placement (see Chapter Two). As would be expected, the placement with birth parents would have incurred the lowest cost, because the payment of fees or allowances is not applicable. Whilst the cost of maintaining an MTFCE placement is around double that of standard local authority foster care, it is comparable with placements with agency foster carers and is substantially less than that of residential provision.

Table 3.4: Cost of maintaining alternative placement types over a 6 month time period

Placement type	Total process 3 cost over 6 month time period (£)
La residential in La area	£80,202
Agency residential in La	£58,908
MTFCE	£33,870
Agency foster care in La	£30,120
La foster care in La	£16,374
Birth parents in La	£4,182

Evidence from the earlier research suggests that children whose needs are similar to those of children and young people who enter MTFCE are often placed out of the authority, in agency provided placements and experience multiple placement changes (Ward, Holmes and Soper, 2008). These factors are not reflected in Table

3.4, as we cannot predict the alternative placement trajectories for the children had they not entered the MTFCE programme. Some are likely to have been present in an alternative scenario, and all have been found to impact on the costs of supporting looked after children.

Placements after MTFCE

Ten children in the sample moved on from MTFCE during the study timeframe. Seven remained in the same post MTFCE placement until the end of the study; all of these young people had been stably placed for at least four months after completing the programme. All of these placements were with foster carers; six provided by the local authority and one by an independent fostering agency. This group of children had had mixed placement histories prior to their MTFCE placements; four had experienced three or more placements in the year before MTFCE; two had just one placement and the other child entered the programme from home.

The other three children all experienced between three and eight placements between the end of their MTFCE placement and the close of the study. Timescales varied: one child experienced eight placements in eighteen months post MTFCE; one had three placements in four months, and one four placements in two months followed by exit from care. For these young people, the median length of placements post MTFCE was less than a month (20 days).

Child C on the following page is an example of a child who experienced instability both prior to and following placement in the MTFCE programme.

Child C

Child C was a girl of white British origin who first became accommodated at the age of 10 because of her socially unacceptable behaviour. Prior to her placement in MTFCE at the age 11, Child C had been placed in three foster placements, two provided by the local authority and the other provided by an independent fostering agency out of the area of the authority. All three were short placements lasting between two weeks and a month. Child C remained in her MTFCE placement for 10 months and then returned home to her parents, where she remained for 7 months before becoming looked after again. Again Child C experienced a number of foster placements in quick succession; two provided by independent fostering agencies lasting for two and four weeks respectively and two further placements provided by the local authority lasting for two and three weeks respectively. Child C then returned to her parents, where she remained until the end of the study period (four and a half months). During her placement in MTFCE Child C had twice weekly contact with her birth mother. Child C had a statement of Special Educational Need and prior to MTFCE was only attending mainstream school for one morning a week, along with three morning sessions at a special education unit. During MTFCE her schooling improved and the sessions at mainstream school were increased to three mornings and one full day, supplemented by one further half day at the special education unit.

Figure 3.3: Timeline for Child C

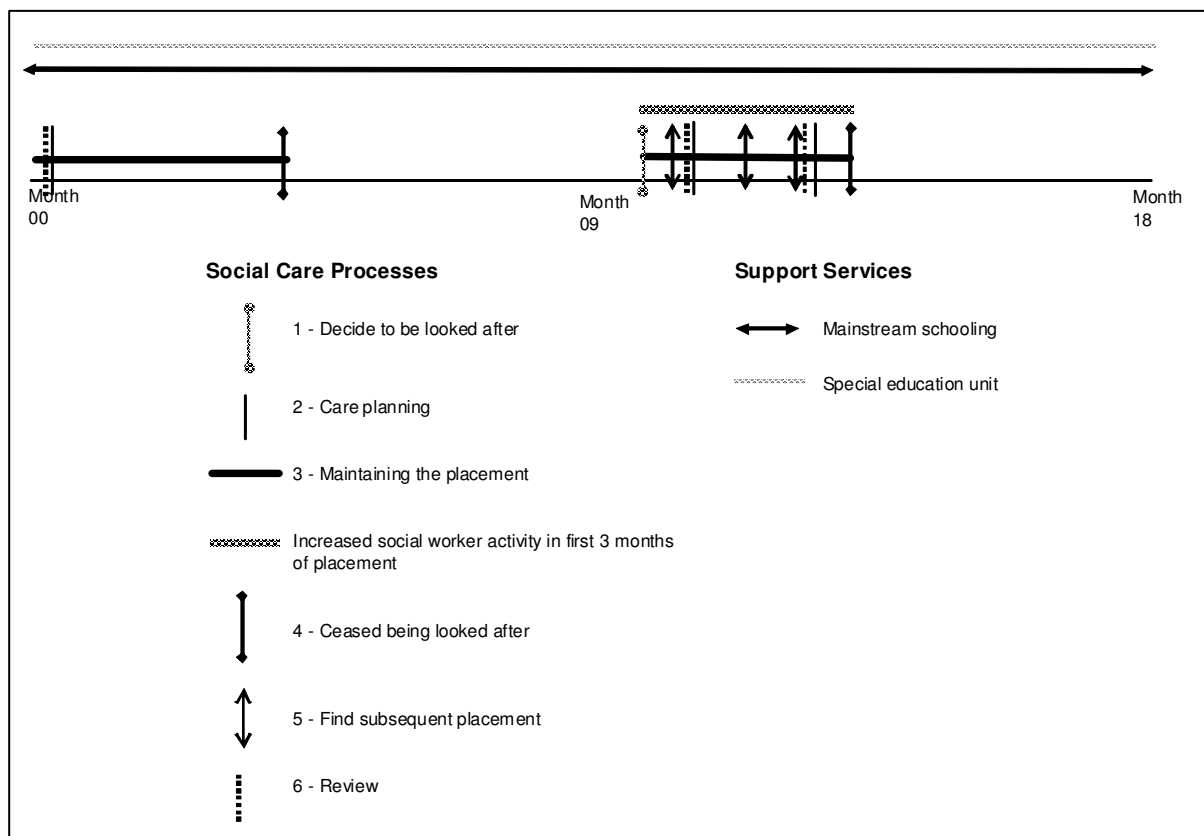


Table 3.5: Costs for Child C

At the start of the timeframe shown on the previous page, Child C was placed with MTFC carers, a placement that had already been ongoing for seven months. Child C remained with her MTFC carers until month four when she returned home and ceased to be looked after. She remained at home for seven months she was then accommodated again and experienced four short term placements that lasted for eleven weeks in total. Child C then again ceased being looked after and returned home where she remained until the end of the time frame. Due to multiple care episodes LAC reviews were held more frequently for child C and her care plan was updated following the reviews.

Prior to MTFC Child C was only attending mainstream school for one morning a week, along with three morning sessions at a special education unit. During the sessions at mainstream school were increased to three mornings and one full day, supplemented by one further half day at the special education unit.

Costs of processes (at 2006-7 prices)					Costs of services (at 2006-7 prices)		
Process	Cost to LA	Total	Cost to other agencies	Total	Service	Cost	Total
1 - Decide child needs to be looked after	£1,583	£1,583			Mainstream school	£21.40 ^b per day	£3,060
2 - Care planning	£120 x 3	£360	£148 x 3	£444			
					Special education unit	£134.05 ^b per day	£7,641
3 - Maintaining the placement	£33,020 ^a	£33,020					
4 - Ceased being looked after	£263 x 2	£527					
5 - Find subsequent placement	£2,227	£2,227					
6 - Review	£1,100	£1,100	£47 x 3	£141			

Total cost incurred by children's social care to look after Child C during the study period	£38,817
Total cost incurred by other agencies for Child C during the study period	£11,286
Total cost incurred during 18 month study period (78 weeks)	£50,103

The displayed values of the costs estimates and totals have been rounded to the nearest integer. It therefore may not be possible to exactly reproduce the totals from the rounded cost estimates that are displayed.

The costs to other agencies are likely to be an underestimate. Further work is currently being undertaken to cost health and mental health services provided to looked after children (Holmes and Jones, forthcoming).

^a This cost includes the activity to support the placement. This figure includes an increase in activity during the first three months of placements.

^b Unit costs taken from Holmes *et al.* (forthcoming).

Because Child C ceased to be looked after on two occasions, the social care costs shown in Table 3.5 are for around a third of the eighteen-month timeframe, and are much lower than those for the other case study examples. The education costs are increased for Child C because of her attendance at a special education unit in addition to mainstream schooling.

Support services

Whilst the case study for Child C provides an example of placement instability post MTFCE, it also illustrates how the education support from the MTFCE team facilitated an improvement in her schooling and gradual re-integration into mainstream provision. It was evident from the case file information that at least one other child in the sample had a similar experience with a re-integration back into mainstream school shortly after the start of their MTFCE placement.

The case study for Child D on the following page shows an example of a child who received extensive support from other agencies prior to placement in MTFCE. The role of these agencies appears to be picked up by the multidisciplinary personnel within the MTFCE team during placement in the programme. Child D received one to one support from a classroom assistant prior to placement in MTFCE, at a cost of £48,000. Child D also received support from the CAMHS team prior to placement in MTFCE at a cost of £6,708. These costs were reduced while the child was in MTFCE as these services were not required.

Child D

Child D was a boy of white British origin, aged 12 when he was first placed in MTFCE. He first became looked after at the age of 9 following abuse and his own socially unacceptable behaviour. Initially he was placed in local authority foster care under a care order, and remained in the placement for nearly two and a half years. Child D then had four further placements with local authority foster carers, each lasting between four weeks and four months. He was referred for MTFCE and placed within three months; he remained in the same MTFCE placement for fourteen months, until the end of the study period. Child D had emotional and behavioural difficulties, Attention Deficit Hyperactivity Disorder (ADHD) and also a conduct disorder. Prior to MTFCE, Child D had input from the Child and Adolescent Mental Health team. While in MTFCE, Child D had six weekly supervised contact with his birth mother and members of his extended maternal family, he also had fortnightly unsupervised contact with his paternal uncle and grandmother. Child D had a statement of Special Educational Need. At the start of the study period he attended mainstream school where he received 25 hours per week one-to-one teaching support; however, following several fixed term exclusions he was permanently excluded just prior to placement in MTFCE, and he attended a specialist EBD school for the remainder of the period. The exit plan following MTFCE was for Child D to reside with his paternal uncle.

Figure 3.4: Timeline for Child D

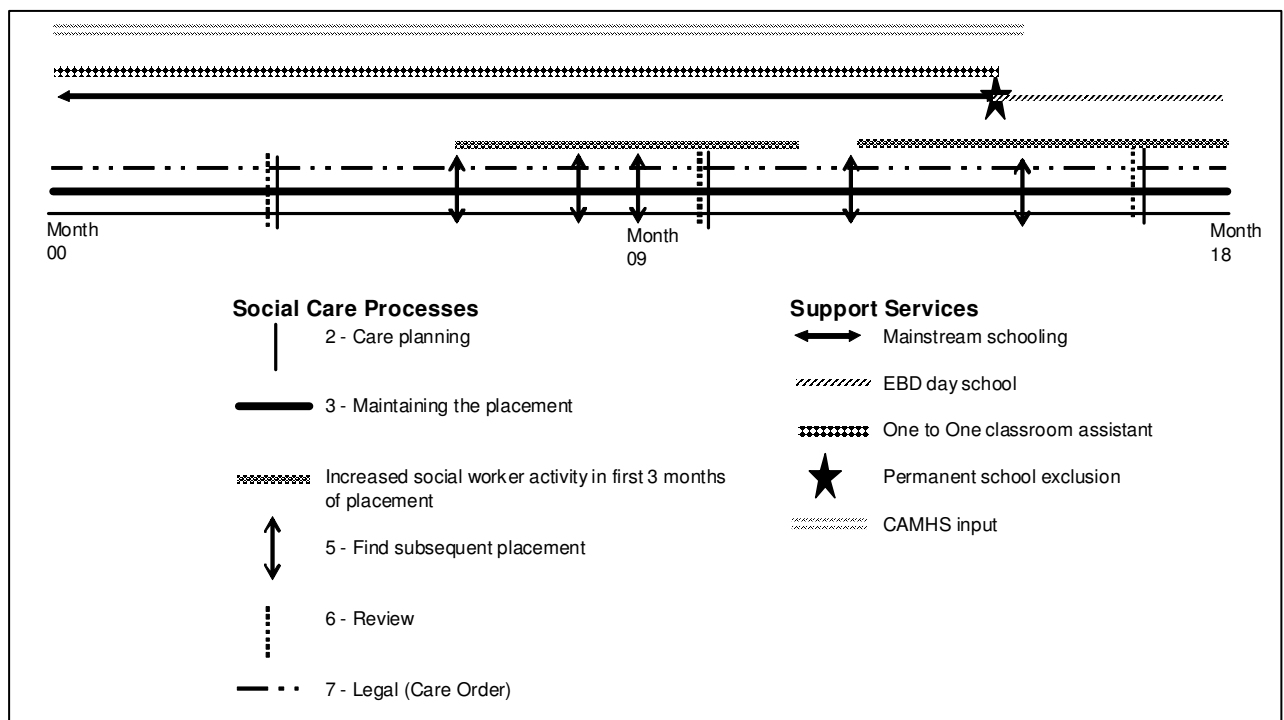


Table 3.6: Costs for Child D

At the start of the timeframe shown on the previous page, Child D was placed with local authority foster carers in a long term placement that had lasted for more than two years. He remained in the placement for a further six months, this was followed by four further placements with local authority foster carers that lasted for between one and four months. Child D was then placed in MTFC for the last two months of the study period (he remained in the MTFC placement beyond the study timeframe). LAC reviews were held at six-monthly intervals and his care plan was also updated six-monthly. Prior to placement in MTFC Child D attended sessions with the CAMHS team. Child D attended mainstream school with 25 hours per week input from a classroom assistant, following a permanent exclusion just prior to placement in MTFC Child D started to attend a specialist EBD day school.

Costs of processes (at 2006-7 prices)					Costs of services (at 2006-7 prices)		
Process	Cost to LA	Total	Cost to other agencies	Total	Service	Cost	Total
2 - Care planning	£120 x 3	£360	£148 x 3	£444	Mainstream school	£21.40 ^c per day	£5,093
					EBD day school	£73.06 ^c per day	£2,338
3 - Maintaining the placement	£53,930 ^a	£53,930					
					One to One classroom assistant	£60 ^c per hour	£48,000
5 - Find subsequent placement	£8,408	£8,408					
					School exclusion	£101 ^c	£101
6 - Review	£1,458	£1,458	£47 x 3	£141			
					CAMHS	£86 ^d per hour	£6,708
7 - Legal	£6 x 78 ^b	£468	£9 x 78	£702			

Total cost incurred by children's social care to look after Child D during the study period	£64,624
Total cost incurred by other agencies for Child D during the study period	£63,527
Total cost incurred during 18 month study period (78 weeks)	£128,151

The displayed values of the costs estimates and totals have been rounded to the nearest integer. It therefore may not be possible to exactly reproduce the totals from the rounded cost estimates that are displayed. The costs to other agencies are likely to be an underestimate. Further work is currently being undertaken to cost health and mental health services provided to looked after children (Holmes and Jones, forthcoming).

^a This cost includes the activity to support the placement. This figure includes an increase in activity during the first three months of placements.

^b The cost to obtain a care order has been divided over the total number of weeks between the date of the order and the child's 18th birthday.

^c Unit costs taken from Holmes *et al.* (forthcoming).

^d Unit cost taken from Curtis 2007, p.151.

It is evident for Child D's case that the proportion of expenditure between agencies is very different than in the other case study examples, with costs almost equally split between social care and other agencies.

Our earlier work identified the importance of taking a systems approach when analysing and comparing costs, in order to explore how costs are spread across agencies (Ward, Holmes and Soper, 2008). The provision of 'wrap around' placement services, provided by a number of agencies, is likely to reduce the costs incurred by children's social care. The reverse is also true, and the case study of Child D illustrates that the education and CAMHS costs are reduced once he is placed within MTFCE. This highlights the need to recognise the multidisciplinary make up of MTFCE teams and the support services they are able to offer children in terms of education, individual therapy and work with the birth family. However, whilst Child D provides an example of a reduction in costs to other agencies following placement in MTFCE, this is an illustrative example and it would be necessary to explore this issue with a larger sample before comprehensive conclusions could be drawn.

Outcomes

For this study we do not have a sufficient sample to make any conclusions about the relationship between MTFCE, the unit costs and outcomes. The work of explore the outcomes of a larger sample of children placed in MTFCE in a random controlled trial is currently being undertaken (Biehal *et al.*, forthcoming).

It was, however, evident that of the nine young people in the sample who were committing criminal offences prior to placement in MTFCE, only one of continued offending during their MTFCE placement. Child E provides an example of one of the children who stopped offending when placed in MTFCE. The costs in Table 3.7 also further illustrate the need for a systems approach. YOT costs of around £16,000 were incurred during the first five of the eighteen months shown in Figure 3.5, but the involvement ceased when Child E entered MTFCE. The costs incurred by the MTFCE team should be set against the likelihood of continuing YOT costs in a placement that offered less intensive support.

Child E

Child E was a boy of white British origin who first became looked after at the age of 5. He returned home and then at the age of ten was placed with local authority foster carers because of his socially unacceptable behaviour. This placement lasted for nearly five years but then broke down. After this he was placed for three months in a local authority residential unit from where he frequently absconded. As a result of his offending behaviour Child E was placed in a young offenders unit for five months under a Detention and Training Order. During this time he was referred to MTFCE. His MTFCE placement lasted for 10 months and he then moved on to a long-term foster placement where he remained until the end of the study period (three months). Child E was convicted of several criminal offences prior to MTFCE including theft and physical assaults; during and post MTFCE his offending had stopped and the carers reported a reduction in his problem behaviours. Child E had a statement of Special Educational Needs and had several fixed term exclusions from school. While on placement in MTFCE, Child E returned to mainstream schooling. During his MTFCE placement Child E had weekly contact with his birth mother.

Figure 3.5: Timeline for Child E

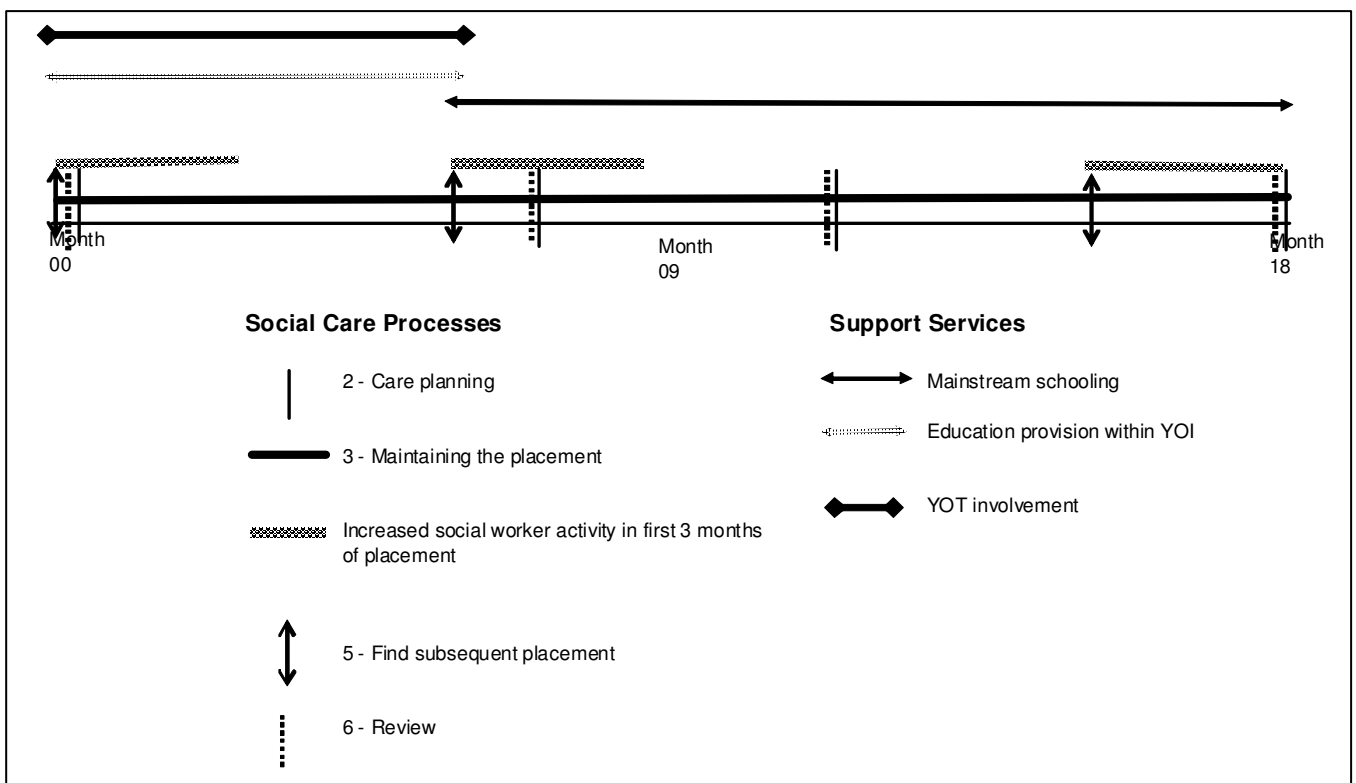


Table 3.7: Costs for Child E

At the start of the timeframe shown on the previous page, Child E moved from a local authority residential unit to a young offenders institute as part of a Detention and Training Order.

In month five he moved to a MTFC placement where he stayed for ten months, he then moved onto a permanent local authority foster placement where he remained until the end of the study timeframe.

LAC reviews were held at six-monthly intervals and his care plan was also updated six-monthly.

During his placement in the YOI Child E attended the on-site education provision and then returned to mainstream school when he moved to MTFC.

Costs of processes (at 2006-7 prices)					Costs of services (at 2006-7 prices)		
Process	Cost to LA	Total	Cost to other agencies	Total	Service	Cost	Total
2 - Care planning	£120 x 3	£360	£148 x 2 plus £181 ^b	£477	Mainstream school	£21.40 ^c per day	£4,408
					YOT support	£200 ^d x 78	£15,600
3 - Maintaining the placement	£78,362 ^a	£78,362					
5 - Find subsequent placement	£6,503	£6,503					
6 - Review	£2,814	£2,814	£47 x 2 plus £172 ^b	£266			

Total cost incurred by children's social care to look after Child E during the study period	£88,039
Total cost incurred by other agencies for Child E during the study period	£20,751
Total cost incurred during 18 month study period (78 weeks)	£108,790

The displayed values of the costs estimates and totals have been rounded to the nearest integer. It therefore may not be possible to exactly reproduce the totals from the rounded cost estimates that are displayed. The costs to other agencies are likely to be an underestimate. Further work is currently being undertaken to cost health and mental health services provided to looked after children (Holmes and Jones, forthcoming).

^a This cost includes the activity to support the placement. This figure includes an increase in activity during the first three months of placements.

^b There are increased costs to the youth offending team for involvement in care planning and reviews prior to placement in MTFC

^c Unit costs taken from Holmes *et al.* (forthcoming).

^d Unit costs taken from Liddle (1998).

Conclusion

Exploration of the children's needs and characteristics highlights the complexity of the needs of children who enter the MTFCE programme. The case studies demonstrate the importance of ensuring that the costs of children experiencing MTFCE are compared with those incurred by children with similar needs if a valid picture is to emerge.

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 maintaining MTFCE placements were also substantially less than those of the residential placements that some of the sample would have entered had the service not been available – although the sample is too small for this to be regarded as a definitive finding. They were also on a par with placements in independent fostering agencies outside the authority area, and less costly if these proved to be less stable. If costs are considered over a longer timeframe, the annual cost to maintain a child in MTFCE (including the reviewing and planning processes) is around £68,544. This compares with an annual cost of £61,384 to maintain a child with similar needs in agency foster care, £118,960 in agency residential care and £161,548 in local authority residential care. These costs would be increased substantially if the placement was out of the area of the placing authority.

Seven of the ten sample children moved on from MTFCE to apparently stable foster placements, six with standard local authority foster carers, and one with an agency carer. If these placements endured, they are likely to have shown a reduction in cost trajectories post MTFCE, as well as benefits to children's wellbeing. Such positive outcomes were not so evident in the post MTFCE trajectories of the other three children.

There was also some evidence that placing children in MTFCE can lead to a reduction in 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 support team render the involvement of some agencies redundant, but also because, where the intervention is successful, children and young people progress to a point where they no longer require some services. This evidence is insufficient at present for it to be included in routine cost calculations, but is an issue that merits further detailed exploration.

Chapter Four: Messages for policy and practice

Messages for policy

Invest to save

The strategy of 'invest to save' has been developed as part of the *Every Child Matters* agenda and has been implemented across a number of local authorities in England in recent years (Department for Education and Skills, 2004). This is based upon a philosophy of investing in services that will increase cost efficiency in the long-term, even though there may be an increase in expenditure in the short-term.

The concept of invest to save is particularly applicable to MTFCE, since it is a form of treatment for young people with complex needs. In their recent study, Sinclair *et al.* (2007) reported that only 1% of their sample's "last or latest placements" had a treatment aim (Sinclair *et al.*, 2007; 266). They go on to reveal that "team leaders felt that this was a gap and wanted more specialist fostering schemes" (Ibid.).

Previous research suggests that children with the most complex needs commonly 'end up' in the most expensive placements. This finding from our earlier study showed that these children and young people "tended, eventually, to be offered the most costly placements, though often only after they had run the gamut of other, cheaper options" (Ward, Holmes and Soper, 2008; 258).

It may be that a policy of investing in treatment schemes like MTFCE during the time when a young person is moving through the 'cheaper options' will divert them from the course that leads to the most expensive placements. Furthermore, it may be that MTFCE delivers more favourable outcomes for these young people. Because of the small sample size in this study we are unable to draw any firm conclusions regarding placement stability or educational outcomes following MTFCE. The findings of the major evaluation of MTFCE being undertaken by the Social Work Research and Development Unit (SWRDU) at York University will explore this issue further (Biehal *et al.*, forthcoming). If the findings of this study show that outcomes associated with MTFCE are favourable then the programme appears to offer a positive, cost-efficient option for children with complex emotional and behavioural difficulties.

Longer-term outcomes, more widely, have been the subject of a number of studies involving young people. One such example is that of the Prince's Trust report on 'The cost of exclusion' (Prince's Trust, 2007). This highlights the "hard-to-quantify costs such as the loss of potential and the long-term, emotional toll of unfulfilled ambitions" that are associated with social exclusion (Prince's Trust, 2007; 7). These issues are likely to be particularly relevant for the children and young people who are considered for treatment programmes like MTFCE.

With this in mind, policy makers might therefore consider the long-term consequences of failing to invest in such programmes. As our earlier work has shown (Ward, Holmes and Soper, 2008), costs for looking after a sample of children with emotional and behavioural difficulties or offending behaviour are fifty per cent higher than for those with no additional support needs. The costs of looking after children with both these characteristics are three times higher.

It is therefore likely that interventions such as MTFCE, if successful in treating young people with these characteristics, will reduce the cost of their care careers in the long-term. On this basis one might expect the introduction of the multidimensional treatment foster care prevention programme (MTFC – P), to prove a valuable measure. Targeted at 3 to 6 year olds this aims to treat problem behaviours at an earlier stage of development. Of course, testing the validity of this assertion is the role of future evaluation.

Funding from different agencies

As outlined in Chapter Two we do not have sufficient data to explore the contributions from other agencies to the MTFCE teams in our five participating authorities. However, the national team in their most recent annual report has highlighted the importance of multi agency support. The authors cite a number of financial constraints for MTFCE, which include "Withdrawal of support from health and education partners" (Roberts, 2007; 44). The continued support of these agencies would seem to be critical to cost effectiveness, as the nature of the model dictates that it cannot function properly without the wide range of personnel. Without

ongoing support, either financially, or from staff seconded from health and education, this expertise may have to be contracted in from elsewhere which could increase staffing costs and therefore the overall cost of MTFCE.

Messages for practice

Multi agency working: a systems approach

MTFCE can be used as a case in point for the recent policy drive towards increased multi-agency working. The cohesion of health and children's services in the MTFCE teams is an example of the coordination of agencies in service delivery; an aim of the Every Child Matters agenda. Whilst challenges concerning the practicalities of this still exist, and are well documented in the annual MTFCE reports (Roberts, 2007), the movement to strengthen links between agencies is essential.

As outlined in Chapter Two it is important to adopt a systems approach when calculating costs, and consider the cost implications for agencies other than social care. Decisions about the placement of children with complex needs are likely to impact on education budgets, if for example, the child is excluded from school. Similarly if they are engaged in antisocial or offending behaviour, this will impact on the costs incurred by the youth offending team.

Seating MTFCE within the wider looked after children service

As outlined in Chapter Two the proximity of the MTFCE team to the wider looked after children service impacts on the cost of delivering the programme. There was considerable variation in the situation of the MTFCE team within the wider looked after children service and this has implications on the amount of time personnel spent undertaking activities. This is of particular relevance to indirect case specific work, for example, liaising with other social care professionals.

Some of the MTFCE teams were situated in the same office as the mainstream fostering service while another was accommodated separately, in an isolated location. It was evident from the focus group discussions that when the MTFCE team was located alongside the wider foster service that communication was improved,

and that this had an impact on the activity undertaken for referrals, placement finding and for planning exit strategies.

It is in the strategic planning of 'what happens next' that improved channels of communication are perhaps most important. The process of finding the child's subsequent placement involves a great deal of liaison with various professionals and being situated alongside other services makes this task less time consuming; the decrease in activity time reduces unit costs.

Exit planning

A challenge for any treatment programme is the effective forward planning that determines a young person's smooth transition to a new placement. The importance of exit planning was clearly appreciated by all of the participating authorities, and was cited by one programme supervisor as a key issue that was in need of attention. It is also an issue for the wider MTFCE pilot and has been acknowledged by the national team, with the problem of "leaving children in placements too long" being one of the challenges cited in the annual MTFCE project report (Roberts, 2007; 44).

Within the study sample there was some indication of children staying in MTFCE placements for longer than anticipated periods. As discussed in Chapter Three the median length of MTFCE placements was around ten months, and the longest placement lasted for nearly two years (22 months).

Prior to placement in MTFCE the median length of placements was four months, five months shorter than the median length of MTFCE placements. So for many children in the sample their MTFCE placement offered more stability than their previous placements.

It is therefore essential that exit strategies are considered within the wider context of the child's placement history, and that they are weighed up alongside the benefits of stability for children whose lives are characterised by transience. Introducing transparency into cost comparisons between MTFCE and other placement types would hopefully provide sufficient evidence to eradicate decisions based on the

assumption that it is more costly for the child to remain with MTFCE carers than to experience another transition.

Cost efficiencies over time

Whilst it is not possible to do more than speculate about the set up costs of MTFCE in the participating authorities, having calculated the unit costs it is possible to consider the cost efficiency of MTFCE over a number of years following set-up. In Chapter Three we outlined for the 22 children in the sample that were placed prior to MTFCE there was a 15% saving during the first six months of their MTFCE placements. If we consider the full pump-priming grant of £400,000 in relation to this saving, in an authority that places 10 children over the course of a year the pump-priming set-up costs would be re-couped within just over three and a half years⁴. If only five children were placed per year, then this time period would be extended to around seven years.

Conclusion

The findings from this study indicate that the costs of MTFCE are comparable with other placements for children with similar needs. As discussed in Chapter Three, whilst MTFCE costs are substantially higher than local authority foster care, they are comparable or lower than the costs of placements that are often used for children with similar needs; agency foster care and residential care.

In light of our findings that the costs of MTFCE are comparable to those of other placements, one might argue that it is viable for young people who are settled with MTFCE carers to remain with them on a long-term basis. This would certainly appear to be compatible with the research findings that suggest placement changes are detrimental to long-term outcomes.

In terms of the costs of children remaining in MTFCE this needs to be considered in comparison with the costs of alternative types of care. As discussed in Chapter Three the ongoing cost to maintain a child in MTFCE was less than placements in the

⁴ This calculation is based on the saving of £123,761 for 22 children over six months outlined in Chapter 3. This gives a saving of £11,251 per child per year.

residential units that were cited as the alternative placement types for some of the sample children.

As outlined above it has not been possible to calculate the set up costs of MTFCE. However, the costs of maintaining children in the programme, along with comparisons with other placement types can be used to explore cost efficiencies over time. If savings have been made by moving children into MTFCE from high cost, out of authority, residential units, these can be offset against the costs of setting up the service.

References

Aos, S., Phipps, P., Barnoski, R. and Lieb, R. (1999) *The Comparative Costs and Benefits of Programs to Reduce Crime: A Review of National Research Findings with Implications for Washington State*. Olympia, WA: Washington State Institute for Public Policy.

Bandura, A. (1977) 'Self-efficacy: toward a unifying theory of behavioural change.' *Psychological Review* 84, 2, 191-215.

Beecham J. (2006) 'Why costs vary in children's services.' *Journal of Children's Services* 1, 3, 50-62.

Beecham, J. (2000) *Unit Costs – Not Exactly Child's Play: A Guide to Estimating Unit Costs for Children's Social Care*. University of Kent: Department of Health, Dartington Social Research Unit and the Personal Social Services Research Unit.

Biehal, N., Dixon, J., Sinclair, E., Sinclair, I. and Green, J. (forthcoming) *Evaluation of the Multidimensional Treatment Foster Care (MTFC) Pilot Projects. Report to the Department of Children, Schools and Families*. York: Social Policy Research Unit.

Bullock, R., Gooch, D. and Little, M. (1998) *Children Going Home: The Reunification of Families*. Aldershot: Ashgate.

Byford, S. and Fiander, M. (2007) 'Recording professional activities to aid economic evaluations of health and social care services.' In Curtis, L. *Unit Costs of Health and Social Care*. Kent: Personal Social Services Research Unit (PSSRU).

Chamberlain, P. (2003) 'The Oregon Multidimensional Treatment Foster Care Model: features, outcomes, and progress in dissemination.' *Cognitive and Behavioural Practice* 10, 303 – 312.

Chamberlain, P., Fisher, P.A. and Moore, K.J. (2002). 'Multidimensional Treatment Foster Care: Applications of the OSLC intervention model to high-risk youth and their families.' In J.B. Reid, G.R. Patterson and J. Snyder (eds.) *Antisocial Behavior in Children: Developmental Theories and Models for Intervention*. Washington, DC: American Psychological Association.

Chamberlain, P. and Reid J.B. (1998) 'Comparison of two community alternatives to incarceration for chronic juvenile offenders.' *Journal of Consulting and Clinical Psychology* 66, 624-633.

Chamberlain P. and Reid J.B. (1991) 'Using a specialised foster care treatment model for children and adolescents leaving the state mental hospital.' *Journal of Community Psychology* 19, 266-276.

Curtis, L. (2007) *Unit Costs of Health and Social Care*. Kent: Personal Social Services Research Unit.

Department for Education and Skills. (2004) *Investing to Save*. London: DFES. Accessed 28/10/08 at <http://www.everychildmatters.gov.uk/resources-and-practice/search/EP00093>

Every Child Matters. (2008) *Multidimensional Treatment Foster Care*. Accessed 28/10/2008 at <http://www.everychildmatters.co.uk/socialcare/childrenincare/fostercare/mtfc>

Holmes, L. and Jones, A. (forthcoming) *Costing Children's Placement and Joint Commissioning Panels*. Loughborough: Centre for Child and Family Research, Loughborough University.

Holmes, L., Lam, S.C., Ward, H. and Simpson, M. (forthcoming) *Special Educational Needs Processes: Their Costs and Variations*. Loughborough: Centre for Child and Family Research, Loughborough University.

Leve, L.D., and Chamberlain, P. (2005) 'Association with delinquent peers: intervention effects for youth in the juvenile justice system.' *Journal of Abnormal Child Psychology* 33, 3, 339-347.

Liddle, M. (1998) *Wasted Lives: Counting the Cost of Juvenile Offending*. London: Nacro.

Millham, S., Bullock, R., Hosie, K. and Haak, M. (1986) *Lost in Care: The Problems of Maintaining Links Between Children in Care and their Families*. Aldershot: Gower.

Moore, K.J. and Chamberlain, P. (1994) 'Treatment foster care: toward development of community-based models for adolescents with severe emotional and behavioral disorders.' *Journal of Emotional and Behavioral Disorders* 2, 22-30.

Prince's Trust, (2007) *The Cost of Exclusion*. London: Prince's Trust. Accessed 28/10/08 at <http://www.princes-trust.org.uk/Main%20Site%20v2/search/search.idq>

Roberts, R. (2007) *Multidimensional Treatment Foster Care in England (MTFCE): Project Report*. London: Institute of Psychiatry. Accessed 28/10/08 at <http://www.everychildmatters.co.uk/socialcare/childrenincare/fostercare/mtfc/>

Sempik, J., Soper, J., Holmes, L. and Ward, H. (forthcoming) *The Overhead Costs of Adoption*. Loughborough: Centre for Child and Family Research, Loughborough University.

Sinclair, I., Baker, C., Lee, J. and Gibbs, I. (2007) *The Pursuit of Permanence: A Study of the English Care System*. London: Jessica Kingsley Publishers.

Soper, J. (2007) *Cost Calculator for Children's Services, V6.0 Demonstration Version*. Loughborough: Centre for Child and Family Research. Available at www.ccfcs.org.uk.

Ward, H. (forthcoming) *Patterns of Instability: Moves Within the Care System, their Reasons, Contexts and Consequences*. Loughborough: Centre for Child and Family Research, Loughborough University.

Ward, H., Holmes, L. and Soper, J. (2008) *Costs and Consequences of Placing Children in Care*. London: Jessica Kingsley Publishers.