



## Calculating the costs of treatment foster care

CCFR researchers are undertaking a research project with funding from the Department for Children, Schools and Families (DCSF), which aims to calculate the costs incurred over a specific time period to a range of agencies by children who are experiencing Multidimensional Treatment Foster Care (MTFC).

As part of the wider DCSF funded 'costs and outcomes' programme being undertaken at CCFR, this study will make it possible to include the unit cost of MTFC in future versions of the Cost Calculator for Children's Services (CCfCS).

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mension to our knowledge of the comparative costs of children's services and is an important stage in the development of the CCfCS. This is the first detailed costing work to be undertaken for MTFC in England and it aims to give a detailed picture of how costs are distributed.

The study involves five local authorities that are currently participating in the Multidimensional Treatment Foster Care England (MTFCE) Project. Twenty-five children currently or previously placed with multidimensional treatment foster carers for at least six months in these authorities have been selected for the research sample.

As with all of the research within the 'costs and outcomes' programme, a bottom-up model of costing based on social care activity is used. This allows for the detailed comparison of costs and how they are distributed through the various social care processes.

Longitudinal data is being collected on the needs, placements, services pro-

vided and outcomes of all children in the sample over a time period to include the year prior to placement in MTFC, during MTFC and where appropriate, subsequent placements.

Alongside this, we are collecting data on social care activity and finance data to calculate costs. Activity data is being collected by focus groups with follow up questionnaires, and event records which chart activity over a three month time period. The focus groups involve the MTFC teams and also fostering and district social work teams. This will allow us to analyse how costs of MTFC compare to those of mainstream foster care for children with similar needs. Event records will be completed by members of the MTFC teams to give us a detailed log of all activity to support a child in an MTFC placement.

The study is due for completion in September 2008. Currently, the bulk of the fieldwork has been completed in two of the authorities and the remaining fieldwork is

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planned. The three month period for the completion of event records began in March.

The findings of the study will provide a valuable addition to the CCfCS in that costs of MTFC will be incorporated into future editions of the CCfCS. This study therefore sits alongside the related work on education and health costs being undertaken by other members of the CCFR Costs and Outcomes research team. The findings will also be useful for local authorities when assessing different types of provision. An evidence based, bottom-up calculation of the costs of such a provision will enable comparisons of cost effectiveness.

## Improving the calculation of overheads

CCFR are currently exploring ways of improving the calculation of overheads in the Cost Calculator. They are to collaborate with Barnardo's on a project that aims to improve understanding of the true cost of placements and methods of calculating overheads, whilst helping

**“CCFR and Barnardo's will collaborate on collecting information on overheads from local authorities and independent providers”**

CCFR develop better clarity and transparency in the Cost Calculator.

At present, the overheads that the Cost Calculator takes into account are incorporated into the unit costs that are supplied. The approach is somewhat inflexible and prevents the Cost Calculator reports from showing the contribution of overheads to total costs. In the calculation of the unit costs for the Cost Calculator, overheads are added to the annual cost of employing each post holder in two ways:

- 15% for low-level management and support

- £2,022 for buildings and land

Items that are currently not included in the Cost Calculator are:

- high-level management costs
- overheads on fees and allowances paid
- recruitment and training of foster carers

The last of these will be included as a result of the programme exploring the costs of Multi-dimensional treatment foster care (see page 1 for more information on this project).

Barnardo's overhead calculations take into account the whole organisation and process of placing a child, includ-

ing the recruitment and assessment of carers and chief executive costs. Therefore, local authority costs may be falsely deflated in comparison to Barnardo's because of the discrepancies in the calculation of overheads.

CCFR and Barnardo's will collaborate on collecting information on overheads from local authorities and independent providers.

The first step is preparation of a data template to ensure consistency in the data that is collected. Advice is also being sought from the Audit Commission and CIPFA.

## User group meeting: messages and outcomes

Representatives from 10 local authorities attended the first Cost Calculator User Group Meeting in Darlington on 6 November 2007. User Group meetings provide an opportunity for all authorities using the software to share their progress, discuss implementation issues, learn more about the research and development projects in progress, and participate in decisions about enhancements to be made to the Cost Calculator.

The Cost Calculator team gave presentations on customising the Cost Calculator, the project in Coventry which is incorporating the costs of

education processes, and ways to make the most of the CCfCS. The team demonstrated new features in version 6.5 of the software and outlined planned improvements to the unit costs tables.

Representatives from the North East, where the CCfCS has been purchased and is being implemented across the region, discussed commissioning and the overall progress of implementation, highlighting issues that had arisen.

A key message from the day was that, since they are still working on getting the CCfCS used effectively, authorities would prefer not to have frequent new releases of the

software. Accordingly, after version 6.6 (released in February 2008) there will be longer time intervals between upgrades to allow authorities to consolidate what they have.

The importance of communication in the successful development, implementation and usage of the Cost Calculator was highlighted at the meeting. It was noted that the website user forum had not been used a great deal as yet, but that this along with the newsletter were helpful ways for authorities and the research team to share information. CCFR will revamp the CCfCS website ([www.ccfcs.org.uk](http://www.ccfcs.org.uk)) to include more pertinent

FAQs and answers.

There was an overall positive feeling about the day as a whole and it was considered to be useful.

We will be looking to hold the next meeting in autumn 2008. If your authority would be willing to host the meeting, please contact Emma to discuss.

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## Comparing bottom-up with top-down costs: experiences at Coventry City Council

Initial steps have been taken to compare Coventry's bottom-up costs generated with the Cost Calculator with top-down costs as shown by the PSS EX1 returns.

A customised unit costs table has been created in the Cost Calculator, based on activity times customised for Coventry where possible, and using Coventry-specific employment costs for 2006-2007. Child-level placement and finance data for 2007-2008 have been imported.

The total costs for 2007-2008 calculated in the Cost Calculator using this cost sheet therefore represent the bottom-up estimate of the total cost of provision of services for looked after children in Coventry in the most recent financial year. The costs included in this figure are: the total fees and allowances paid to carers, the social work cost of finding and sup-

porting placements, and an addition to these salary costs for overheads.

Comparing this figure from the Cost Calculator with the total cost of children looked after services including capital overheads from the PSS EX1 return is not comparing like with like, because the social work activity involved in finding and supporting placements is included in the PSS EX1 return under a different heading. The figures that can most meaningfully be compared, therefore, are the total Process 3 Maintaining the placement cost from the Cost Calculator and the PSS EX1 total gross expenditure excluding capital charges for children looked after figure. Although there are still methodological differences, these both comprise the total fees and allowances paid to carers and so one would expect the figures to approximately match.

For Coventry, comparing the figure from the Cost Calculator for 2007-2008 with the PSS EX1 figure for 2006-2007 the discrepancy is 2%.

These figures are for different financial years but they match up well. The differences may be due to a number of factors: the different financial years; the need to use average residential and foster care costs in

the Cost Calculator at present, since individual child-level costs are held separately at Coventry; the inclusion of some social care costs in the Cost Calculator; and the absence from it of overhead costs on fees and allowances, which the team is currently investigating.

It would be even more interesting to compare the costs of social work activity generated by the Cost Calculator for the eight social work processes with a corresponding top-down figure, because this would validate the unit cost estimates in the Cost Calculator. The Cost Calculator social work costs are estimated using data from focus groups on the time spent on different activities. The times spent by different post holders are valued at average salary plus on-costs (NI and superannuation), and an allowance of 15% is added for administration overheads, plus £2,022 per FTE employee for buildings. From the PSS EX1 returns we would want the expenditure actually incurred by the social work teams with all the on-costs and overheads. Unfortunately that type of information isn't published separately. In the PSS EX1 returns about a quarter of the total expenditure is shown as being on 'Commissioning and social

work'. This includes the eight social care processes for looked after children, but also includes social work support for children who are not looked after.

Re-categorisation of some costs such as fostering support costs in the Cost Calculator would facilitate comparisons with the categories in the PSSEX1 return and this may therefore be incorporated in a future version.

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**Visit the Costs website for more information on current research and development projects and up to date news on the Cost Calculator:  
[www.ccfcs.org.uk](http://www.ccfcs.org.uk)**

## Feature focus: Banded allowances to foster carers

Many local authorities have different allowance bands for foster carers dependent on their skills level. Here is an example of using customised placement types in the Cost Calculator so that instead of importing the individual allowance for each foster placement you can specify the weekly allowances for each skills band in a customised unit costs table. The demo data in the ImportMain spreadsheet is used, so Data Admin users can reproduce the analysis shown here for themselves if they wish.

The calculation parameters are initially set as in the screen shot (right). To provide a baseline for comparisons, a 'Costs By Provider and Placement Name' report is run, using the original demo data and requesting 'Total Costs'.

**Set Calculation Parameters**

Start Date:

End Date:

Cost Sheet:

Inflation:  %

Do not calculate Process 8 Transition to Leaving Care costs for:

UASC

Children with disabilities

### Summary of Total Costs By Provider and Placement Names

From 01/04/2006 to 31/03/2007 Out of London 2006-7

|                  |             |
|------------------|-------------|
| Social Care Team | (All)       |
| Placement Type   | Foster care |
| Provider Type    | FAH         |

Click on one or more arrows to the left and select the categories to be shown in the table

| Total Costs          |                |         |
|----------------------|----------------|---------|
| Provider             | PlacementNames | Total   |
| This Local Authority | (Default)      | £23,984 |
|                      | Mr Firs        | £18,054 |
|                      | Mrs Pines      | £24,814 |
|                      | Sam Jones      | £20,823 |
|                      |                | £87,675 |

This generates the screen shot (left) when the 'Placement Type' filter is set to 'Foster Care' and 'Provider' is set to This Local Authority. Foster placements for which no placement name has been specified are shown in the 'Default' row. The total cost of all in-house foster care in the time period is £87,675.

Some modifications are then made to the demo data to define the skills levels of the various foster carers and enable the weekly allowance figures specified for each skills band to be used in the calculations.

The screen shot (right) shows part of the ImportMain spreadsheet which has been sorted by 'PLA' to bring together all the placements of the same type. F2 type placements are in-house foster care (F2b is for use with Multi-dimensional treatment foster care discussed on page 1). Two placements originally did not have carer names; Sam Jones and Mr Firs have been entered for these.

|    | A     | V          | W          | AB  | AC       | AD             | AE        |
|----|-------|------------|------------|-----|----------|----------------|-----------|
| 1  | CRN   | EPISTART   | EPIEND     | PLA | Provider | PlacementNames | FeesAllow |
| 11 | 01210 | 03/02/2006 | 01/12/2006 | F2  | Skills2  | Mr Firs        |           |
| 12 | 01325 | 31/01/2003 |            | F2  | Skills2  | Mrs Pines      |           |
| 13 | 01585 | 07/10/2005 | 11/11/2005 | F2  | Skills2  | Miss Birch     |           |
| 14 | 01885 | 04/12/2006 | 18/12/2006 | F2  | Skills2  | Mrs Pines      |           |
| 15 | 10314 | 17/12/2002 |            | F2  | Skills1  | Sam Jones      |           |
| 16 | 12336 | 07/04/2001 | 25/11/2006 | F2  | Skills1  | Sam Jones      |           |
| 17 | 12336 | 25/11/2006 |            | F2  | Skills2  | Mr Firs        |           |

In the 'Provider' column the original entry 'This Local Authority' has been replaced by 'Skills1' or 'Skills2' to denote the skills level of the carer. The 'FeesAllow' column originally contained weekly allowances of 136.86 (except for Miss Birch, but the child placed with her left before 1<sup>st</sup> April 2006 and so is not included in the calculations being described). All the entries for F2 placements in the 'FeesAllow' column are now blank, so that average values from the unit costs sheets will be used instead. All the other data in the ImportMain spreadsheet are unchanged. The spreadsheet is re-sorted using the 'Order' variable at the far right and the spreadsheet is closed. The 'Import/Export Looked After Children Data' facility is then used to delete all data from the Cost Calculator and bring in this modified data.

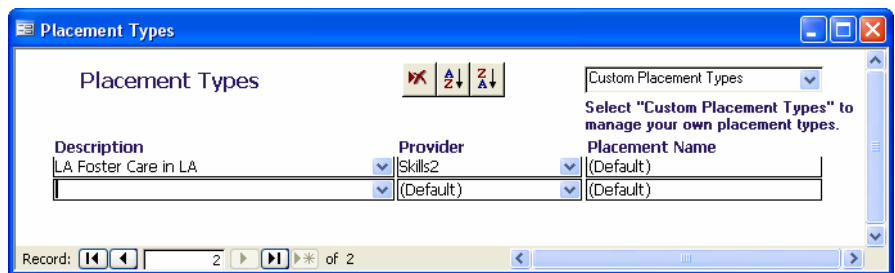
Re-running the 'Costs By Provider and Placement Name' report and requesting 'Total Costs' at this stage generates a table with the same total costs as before, but there are now no 'Default' placements and the total costs of placements with Sam Jones and Mr Firs are increased. The 'Provider' filter now shows the skills levels of the carers.

| Total Costs |                |         |
|-------------|----------------|---------|
| Provider    | PlacementNames | Total   |
| Skills1     | Sam Jones      | £34,869 |
| Skills2     | Mr Firs        | £27,992 |
|             | Mrs Pines      | £24,814 |
|             |                | £87,675 |

In the data that have just been imported, the 'FeesAllow' column is blank for these in-house foster placements, and therefore the allowances used for the calculations are those from the 'Out of London' cost table, which can be viewed from 'Cost Table Details'. The values in its right hand column 'Avg Weekly Fees/Allow' are used by default if blank values are imported.

To create two bands of allowances to correspond to the two skills levels, the first step is to make a copy of the unit cost table by clicking on the 'Copy Cost Table' button. This table, which has been called 'New Out of London 06-7', is now available for later editing, but you must close it before doing the next step.

Using 'Placement Types' and choosing 'Custom Placement Types', create a customised placement type for 'Skills2' as shown in the screen shot below. The existing default LA Foster Care in LA can be used to represent 'Skills1'.



Returning to 'Cost Table Details', when the 'New Out of London 06-7' table is re-opened it now has an extra row for 'Skills2'. Click the Edit button and type in the higher weekly allowance paid to these carers: a value of 236.86 is shown.

| ID: 101               |           | Description: New Out of London 06-7 |         |         |         |                       |
|-----------------------|-----------|-------------------------------------|---------|---------|---------|-----------------------|
| Basic Unit Costs      |           |                                     |         |         |         |                       |
| Process               |           |                                     |         |         |         |                       |
| Description           | Provider  | Placement Names                     | 1 Admit | 2 CPlan | 8 16+   | Avg Weekly Fees/Allow |
| LA Foster Care in LA  | (Default) | (Default)                           | 639.40  | 119.89  | 1164.27 | 136.86                |
| LA Foster Care in LA  | Skills2   | (Default)                           | 639.40  | 119.89  | 1164.27 | 236.86                |
| LA Foster Care out LA | (Default) | (Default)                           | 830.72  | 119.89  | 1164.27 | 136.86                |

Use 'Set Calculation Parameters' to select the 'New Out of London 06-7' cost table and re-run the 'Costs By Provider and Placement Names' report. The total costs of placements with Sam Jones (who has skills level 1) have stayed the same, but the total costs of placements with carers who have skills level 2 are increased, and the in-house foster placements now cost a total of £98,390.

| Total Costs |                |         |
|-------------|----------------|---------|
| Provider    | PlacementNames | Total   |
| Skills1     | Sam Jones      | £34,869 |
| Skills2     | Mr Firs        | £33,292 |
|             | Mrs Pines      | £30,229 |
|             |                | £98,390 |

## New features in version 6.6

Version 6.6 of the Cost Calculator software was rolled out to authorities in early March, and has been developed in order to fix some glitches in the previous version, and to improve functionality. Key changes include:

- Calculation parameters now include a facility to specify whether or not children who have disabilities or who are un-

accompanied asylum seekers transfer to the leaving care team at the appropriate age

- All the placement codes currently used in the government looked after children returns can now be imported
- Post adoption support can also be costed

- After "What If" analysis is carried out, the reports that are accessed now calculate correctly. Allowances that are related to the child's age are now input as weekly rather than daily figures, but calculations using these allowances are unchanged.

We have also updated the user guide and included a diagram of the

Cost Calculator menu system, which we hope will help users to understand how the menu system is structured and to move easily through the screens in order to perform the required tasks.

## Technical issues seminar

On 10<sup>th</sup> December 2007, twelve finance officers and Data Admin users of the Cost Calculator attended a seminar in Darlington. The discussion was led by Jean Soper and Paul Dyson from CCFR, together with Ian McMillan, the North East coordinator, who organised the seminar.

The two ways in which a local authority can import their own financial data were explained. The individual weekly fees and allowances paid for placements can be included in the placement data that are imported (for some or all placements), and a customised cost table can be

created in which the average weekly amounts for particular types of placement are entered. If the individual fee or allowance is not imported for a particular placement, the average cost for that type of placement is used as the default value.

Ian indicated he had aspirations for all the NE authorities to use the same basis for calculation of in house residential and foster care unit costs and presented possible models using the PSSRU methodology. Whilst it may not be possible for all authorities to use the same methodology, it should be possible

to be explicit about how each authority calculates unit costs of their own provision so that comparisons can be interpreted.

Different levels of skill payments to foster carers can be handled in the Cost Calculator by defining customised placement types for the different skill levels (see Banded Allowances, P4). These should include a cost for the recruitment, training and support of foster carers, which are not otherwise included in the Cost Calculator at present. Weekly payments for each child related to the child's age can be defined in the 'Age

Related Costs' sheet of the customised cost table.

A workshop session using lap top computers enabled users to try out the Cost Calculator customisation facilities, creating a customised cost table and customised placement types.

The Seminar ended with positive feedback from all the participants.

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