



Costs and Outcomes Programme: Strategy and Progress

Updated July 2009

The Cost Calculator: an overview

The Cost Calculator for Children's Services (CCfCS) is purpose-designed software that currently calculates the costs of social care processes and placements for looked after children. It facilitates comparisons between the relative value of different types of care, making it easier to estimate the potential benefits of introducing a range of alternative packages. Analyses of costs with respect to the outcomes variables included in the CCfCS are also available. The model used in the CCfCS was developed as part of a research project (Ward, Holmes and Soper, 2008) that aimed to explore the relationship between costs and outcomes for looked after children.

The current version of the CCfCS uses local authority data on children's characteristics and placements that are collected for national returns. It brings these together with the unit costs of social care activities, based on eight identified processes and the allowances or fees paid for individual placements as a basis for working out costs. Calculations take account of all the numerous variations in costs engendered by differences in children's needs, placement type and local authority procedures. Because the model utilises unit costs that have all been developed using the same, standardised approach, it introduces greater consistency into the comparison of costs. Local authorities can choose to use either standard unit costs for London or for Out of London, which are supplied, or to create a customised unit costs sheet which may be based on either of the supplied sets of costs.

Costs included in the model: towards a systems approach

The current version of the CCfCS allows agencies to calculate costs of social care processes for looked after children. Developments are now under way to extend the model to cover costs associated with other processes and agencies. Such a systems approach to cost calculations will make it possible to demonstrate how costs are spread across agencies, so that reducing the costs to one may increase costs to another. When looked after children are excluded from school, for instance, there may be a reduced cost to education but possibly an increased cost to youth justice and to social care if the consequences are greater opportunities for offending and a disrupted placement. The overall objective is to develop the CCfCS to incorporate unit costs

for all services that children receive within specific time frames. These will include the unit costs of social care, education, health, mental health, socio-legal and youth justice processes so that eventually it will be possible to calculate the true costs to the public purse of providing services to children with extensive needs and to explore how these might be better configured to improve outcomes. The overall programme is also designed to clarify how costs are shared between agencies and thus introduce transparency into the joint commissioning of services for children with complex needs. Projects that have already started will enable us to extend the cost calculator model to include education and social care family support services, together with selected physical and mental health services. Other studies within the programme are exploring in greater detail the costs of adoption, specific interventions aimed at improving the wellbeing of looked after children and the ways in which organisational overheads are calculated. Further applications will later seek funding to enable us to include socio-legal and youth justice costs in the cost calculations.

Local Authorities and Implementation

More than twenty English local authorities are involved in research related to the CCfCS and its implementation. The CCfCS development team welcomes feedback from local authorities; those that have implemented the cost calculator have access to a participatory website and are invited to attend an annual user group forum, where further developments are explored. Authorities also contribute to the further development of the CCfCS by acting as research sites, knowledge transfer partners, or members of an implementation consortium, as described below.

Completed Projects:

Extension of the Cost Calculator to include education costs (Coventry)

A three-year Knowledge Transfer Partnership with Coventry City Council was completed in March 2009. The education processes undertaken to support children with special educational needs have been modelled, unit costs have been estimated and the CCfCS education module developed to include them is now being trialled in other local authorities. Social care unit costs for looked after children in Coventry have also been established.

The methodology underlying the CCfCS has been used extensively in Coventry to inform local policy and practice. This includes applying the CCfCS to calculate efficiency savings for a major residential contract, and using the unit cost methodology to inform a consultation on Short Breaks as part of the Aiming High for Disabled Children agenda.

Costs of Multidimensional Treatment Foster Care (MTFC)

The aim of this study was to calculate the costs for children who experienced Multidimensional Treatment Foster Care (MTFC) across five local authorities participating in the national pilot, and to demonstrate how and in what way the costs of providing this service differed from those that would have been incurred if the children had been given other placements. The final project report was completed and submitted to project funders

(DCSF) at the end of October 2008. Discussions are currently underway with the participating local authorities regarding the calculation and feedback of customised unit costs.

Costs of Children's Continuing Care

Work was carried out to calculate the costs of children's continuing care in two geographical areas piloting the framework. Unit costs were calculated both for the decision making processes for children to access packages of continuing care and for four case study examples of services provided to children across the two geographical areas. The unit costs and a short report were submitted to funders (Department of Health) in early March 2009.

The Cost Calculator and the policy groups defined in the Pursuit of Permanence study

Jean Soper (CCFR) and Ian Sinclair (SPRU, University of York) were funded by DCSF to investigate the relationship between the Cost Calculator needs groups and the policy groups defined in the Pursuit of Permanence study (Sinclair, Baker, Lee and Gibbs, 2007). The Cost Calculator was used to cost children from that study and considerable overlap was shown between the two sets of groupings. The Policy Groups are based on age together with selected needs, while the Needs Groups identify the type and extent of children's needs. The report on this work was been submitted to DCSF in December 2008 and there are plans to publish it.

North East collaboration

Authorities in the North East collaborated between 2007 and 2009 to implement the Cost Calculator. This 'field trial' of the application uncovered some difficulties inherent in its introduction and also showed the potential strength and value in its use. Work undertaken has included customising unit costs, comparing bottom-up costs calculated by the Cost Calculator with the expenditure figures in the PSSEX 1 returns and reconciling any differences.

Overheads

This study focussed on the costs of 'overheads' related to adoption. These are costs that cannot be attributed to individual cases i.e. are not case-specific and include expenditure on buildings, office running costs, management and so on. Seven local authority adoption teams and four voluntary adoption agencies provided data on expenditure. The data has been analysed and written up as part of a joint report with Julie Selwyn and colleagues at University of Bristol.

Ongoing Projects:

Extension of the Cost Calculator for all Children in Need

Extension of the CCfCS to include the costs of services for children in need who are not looked after will increase understanding of the comparative costs of looking after children in placements with family and friends

or own parents, or of providing services for children who are supported in their families or independently through Section 17 arrangements. A study is currently being undertaken which aims to:

- Map the range of services provided or commissioned by Children's Services to children in need, and identify their specific and general objectives;
- Develop unit costs for the most commonly available services, including appropriate variations, and incorporate the additional cost-related processes for children in need together with any additional child-related variables;
- Trial the extended CCfCS in four research sites and identify with local authority managers how the calculations can be used in the planning, commissioning and delivery of services.

In extending the CCfCS to incorporate the costs of services to a wider group of children in need we intend to utilise and then build upon the data items required for the new Children in Need Census. This study will report to funders in July 2010.

Costs of adoption

This short piece of work is funded as part of the Children in Need extension of the Cost Calculator, but has been linked to the Overheads of Adoption work outlined above and the work being undertaken by Julie Selwyn and colleagues at University of Bristol. To gather time use activity data for the unit cost calculations, focus groups have been conducted with adoption teams in three local authorities. Detailed event records have been completed by members of the adoption team in one of the authorities. Adopter recruitment and attrition questionnaires have also been completed. The data is currently being analysed and compiled into a short report.

Costs of short break provision

A short study is being carried out to calculate the unit costs of short break provision. The research is being carried out in three local authorities and aims to identify and cost different models through which children with disabilities and their families might access short break provision. This study will report to funders (DCSF) at the end of September 2009. The research team have also been commissioned to produce a 'short breaks resource pack' which will be created to assist local authorities in calculating their own unit costs of the short break provisions that they offer.

Extension of the Cost Calculator to include health and mental health costs

The CCfCS is being developed to include costs for health and mental health as part of a second Knowledge Transfer Partnership with Cheshire West and Chester and East Cheshire children's services departments. The project is also focussing on the processes and costs incurred through the joint commissioning of placements and services. The completion of the health module should allow for increased transparency in negotiations where children and young people have complex health, education and social care needs. The two-year partnership will be completed at the end of September 2009.

Development of a performance management framework for local authority fostering provision

A short piece of research is being undertaken in Rhondda-Cynon-Taff to analyse and calculate the unit costs of the workflow business processes of the fostering service. This project will include the calculation of overhead costs, and will build on the Overheads project outlined above. Bottom-up unit cost calculations will also be carried out for the recruitment, assessment and training of foster carers, along with the ongoing unit costs of supporting foster care placements. The project will report in Autumn 2009.

Collaboration with Oregon Social Learning Center

Funding has been obtained for a partnership with Oregon Social Learning Center. This project aims to adapt the unit cost methodology, and the CCfCS for the child welfare system in the United States.

CCfCS Update

Version 7.5 of the Cost Calculator for Children's Services was released in autumn 2008. This version includes a trial version of the 'Education' Cost Calculator component. Improvements to the 'Social Care: Looked After Children' section include the introduction of a facility to directly import all data, settings and customisations from an earlier version, making upgrading easier than before.

References

Selwyn, J., Sturgess, W., Quinton, D. and Baxter, C. (2006) *Costs and Outcomes of Non-Infant Adoptions*. London: BAAF.

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

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

**For further information please visit the Cost Calculator website: www.ccfcs.org.uk
Alternatively, email the Cost Calculator Development Officer: costcalculator@lboro.ac.uk**