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## **Making use of cost estimations to inform commissioning: the costs and outcomes research programme at the Centre for Child and Family Research, Loughborough University**

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# Making use of cost estimations to inform commissioning

The costs and outcomes research programme at the Centre for  
Child and Family Research, Loughborough University

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Partnership Learning Day, 2<sup>nd</sup> July 2014

# The costs and outcomes programme

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- Initial study on costs and consequences of placements for looked after children
- ↓
- Methodology for calculating costs incurred to social services of care episodes
- ↓
- Development, pilot and production of a Cost Calculator for Children's Services
- ↓
- Ongoing and expanding research programme

# Methodology overview

- Calculates costs from the “bottom up”
- The child or family is the starting point
- Links to unit costs of case management activity organised into ‘processes’, with service provision
- Modeling unit costs using routinely collected child level data to estimate costs of support overtime
- Identifies cost variations for different types of children and different service pathways
- With the objective of relating costs to outcomes
- Introduces transparency and consistency into cost estimations
- Identifying the best possible use for limited resources

# Conceptual underpinning

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## Separation between

- ‘Services’
  - Placement, therapeutic interventions, groups
- ‘Case management activity’
  - Assessments, finding services, statutory visits, reviews
  - Activities are organised into processes

# Social Care Processes for Looked After Children

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1. Decide child needs to be looked after (including activity for finding initial placement)
2. Care planning
3. Maintaining the placement
4. Leaving care/return home
5. Find a subsequent placement
6. Review
7. Legal processes
8. Transition to leaving care services

# Social care activity: worked example

## Process 6 Review: Staff Salary costs

Pay scale midpoint (includes on costs)	£39,944.87
+ 45% for overheads	£17,975.19
+ Capital overheads	£1943
	£59,863.06
42 weeks per year	1425.31
37 hours per week	38.52

Hourly rate for Social Worker = £38.52

# Social care activity: worked example

## Process 6 Review: social worker

- Consultation with child or young person prior to review
- Consultation with parents prior to review
- Consultation with carer prior to review
- Organising room booking
- Completion of social worker report
- Duration of review
- Fact finding/liasing within and outside of social services
- Visits or discussions with carers/potential placement
- After review – distribution of review form
- Actions resulting from review
- Case files and LAC/ICS paperwork



# Social care activity: worked example

## Process 6 Review: Standard case

Activity	Time
Social Worker	5 ¼ hours
Admin	1 hours
Team Manager	1 ½ hours
Fostering Team social worker	2 hours
Independent reviewing officer	5 ¾ hours

Hourly rate	Unit cost per worker
38.52	202.23
21.21	21.21
48.36	72.54
38.52	77.04
44.00	253.89

Unit cost  
Review  
(standard  
case) =  
**£626.91**

# Social care activity: worked example

## Process 6 Review: Variations

Variation	Additional activity	Additional cost	New unit cost
Standard case			£626.91
First leaving Care Review	PLUS 5 ¼ hours	404.46	£1031.37
Unaccompanied Asylum seeking Children	PLUS 10 ½ for Translator	327.82	£954.73
Children in placements other than foster care	MINUS 2 hours for foster team	- 77.04	£549.87

# Unit costs (foster care, outside London) (financial year 2011-12)

Process 1	Decide child needs to be looked after and find a first placement	£ 985
Process 2	Care planning	£ 243
Process 3	Maintaining the placement (per month)	£ 2,245
	Social care support	£ 1,575
	Allowance to carer (child aged 0-4)	£ 685
Process 4	Exit from care/ accommodation	£ 420
Process 5	Finding a subsequent placement	£ 314
Process 6	Review	£ 627
Process 7	Legal processes	£ 4,242
Process 8	Transition to leaving care services	£ 1,870

Method: Curtis (2011), Holmes, Lawson & Stone (2005), Selwyn et al. (2009)

# 'Top down' vs 'bottom up'

- 'Top down' costs are:
  - ~ Difficult to weight by need
  - ~ Difficult to relate to outcomes
  - ~ Difficult to compare easily with other costs
- 'Bottom up' costs:
  - ~ Relate to specific children
  - ~ Can be varied by need
  - ~ Provide evidence of the impact of system changes

# Bottom up costs methodology

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Any questions?

# The 'Babies' Study

- Prospective longitudinal study
- Sample of 43 babies traced from birth (or pre-birth) until they were three years old
- 37 traced until they were five
- All babies were identified as suffering, or likely to suffer, significant harm before their first birthday
- Trace the decisions that were made about their care and the impact these had on their subsequent experiences
- Coincidentally, all the infants were born in the same year as baby Peter Connelly

# The children at age three

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- By age three the children who were traced (n=43) could be classified into three groups of roughly similar size
  - Living at home, no ongoing concerns (16:37%)
  - Living at home, ongoing concerns (12:28%)
  - Permanently separated from parents (15: 35%): two unsatisfactory placements, others showing signs of strain

# The children at age five

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- Over a third at continuing risk of harm
- Five children at high or severe risk of harm throughout their first five years
- Domestic violence reemerged for 6 children between ages 3 and 5
- No new legal orders between ages 3 and 5 despite deteriorating circumstances



# Costs applied to the Babies Study

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- James and Madeleine
  - Identified pre-birth
  - High likelihood of suffering significant harm
  - Parental drug abuse, mental illness and domestic violence concern
  - Older siblings previously permanently separated from parents
- Their pathways and subsequent outcomes very different

# Key decisions for Madeleine and James

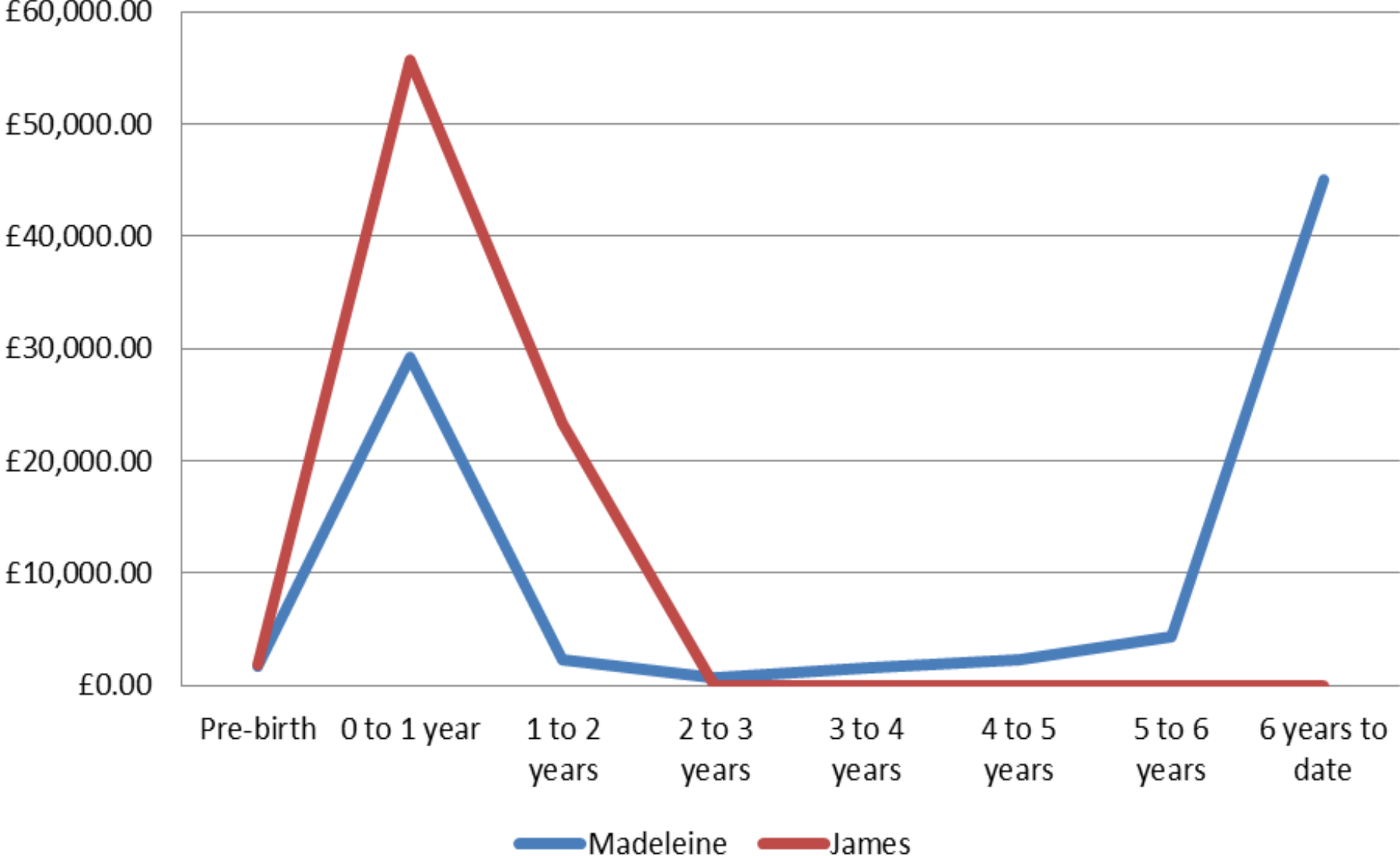
## James

- Pre-birth assessment
- CPP pre-birth to 1 month
- ICO and foster care 1 month
- Adoptive placement 1 year 1 month
- Adoption Order age 2 years

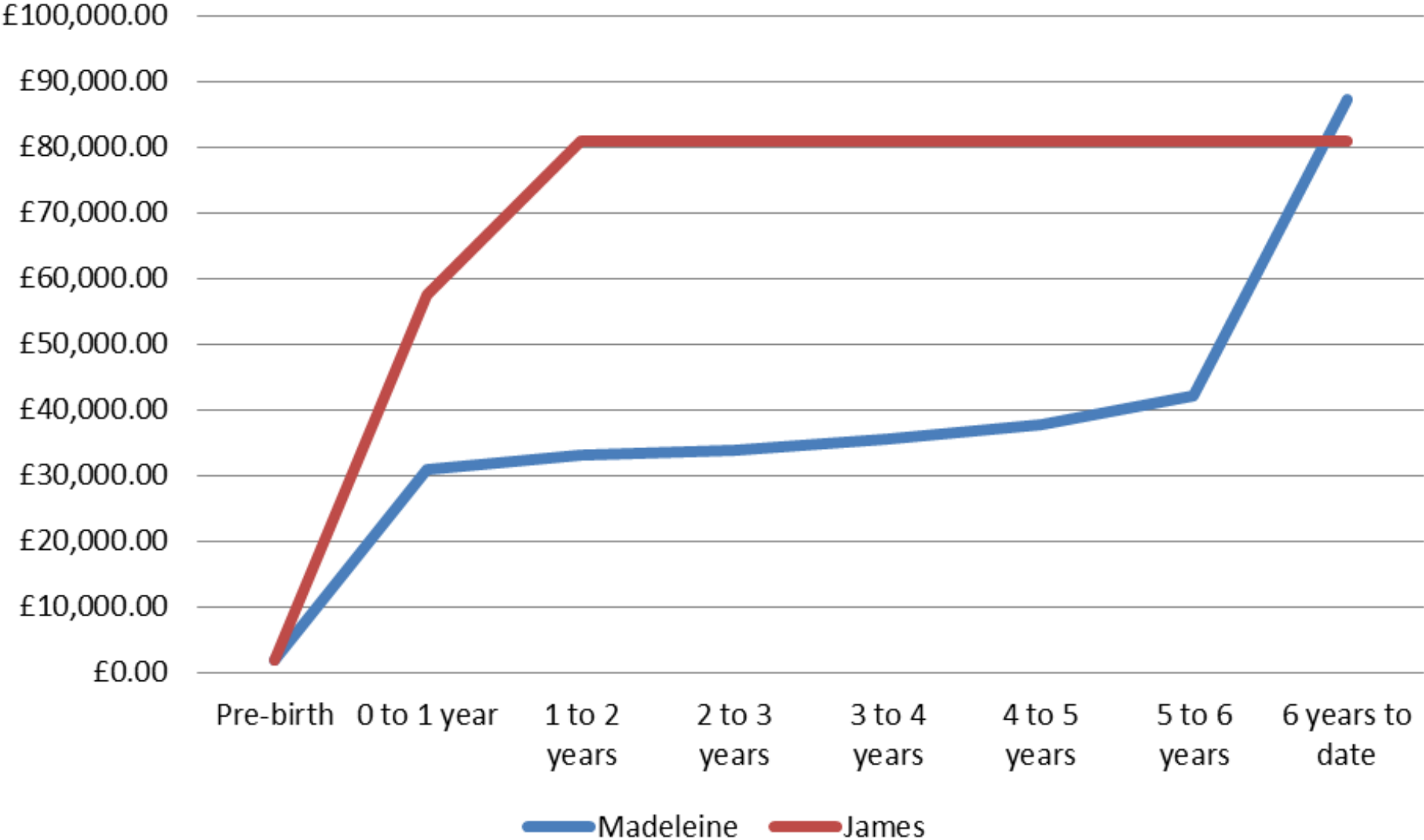
## Madeleine

- Pre-birth assessment
- ICO and foster care from birth
- CO placement with parents 2 months
- SO 1 to 2 years
- Case closure 2 years
- Referral 2.9 years DV and drugs
- FSW 3 to 4 years – DV and drugs escalate
- Core assessment and s47 5 years
- CIN 5 years
- CPP 5.5 to 6 years neglect and sexual abuse
- ICO and foster care 6 years

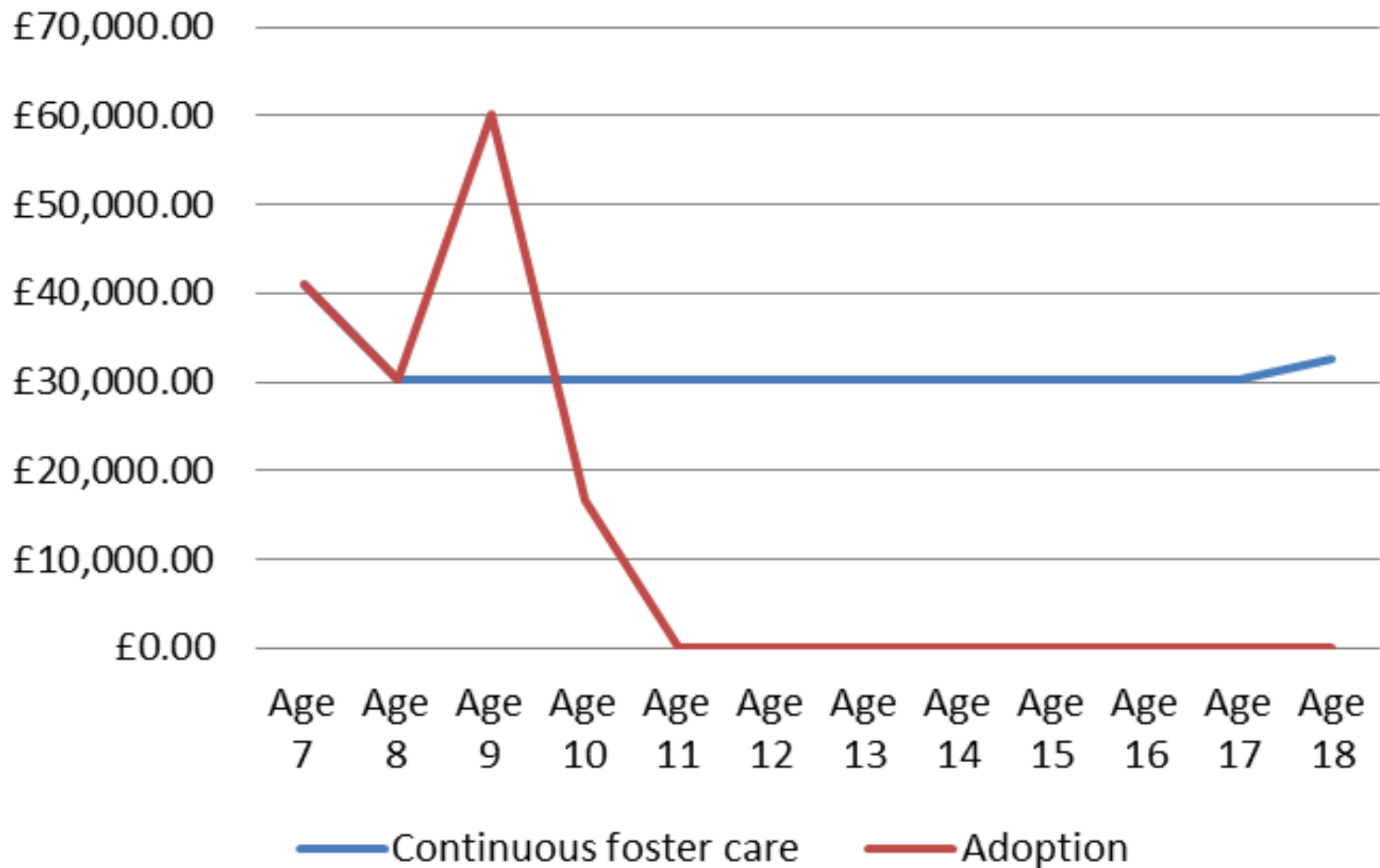
# Annual costs: Madeleine and James



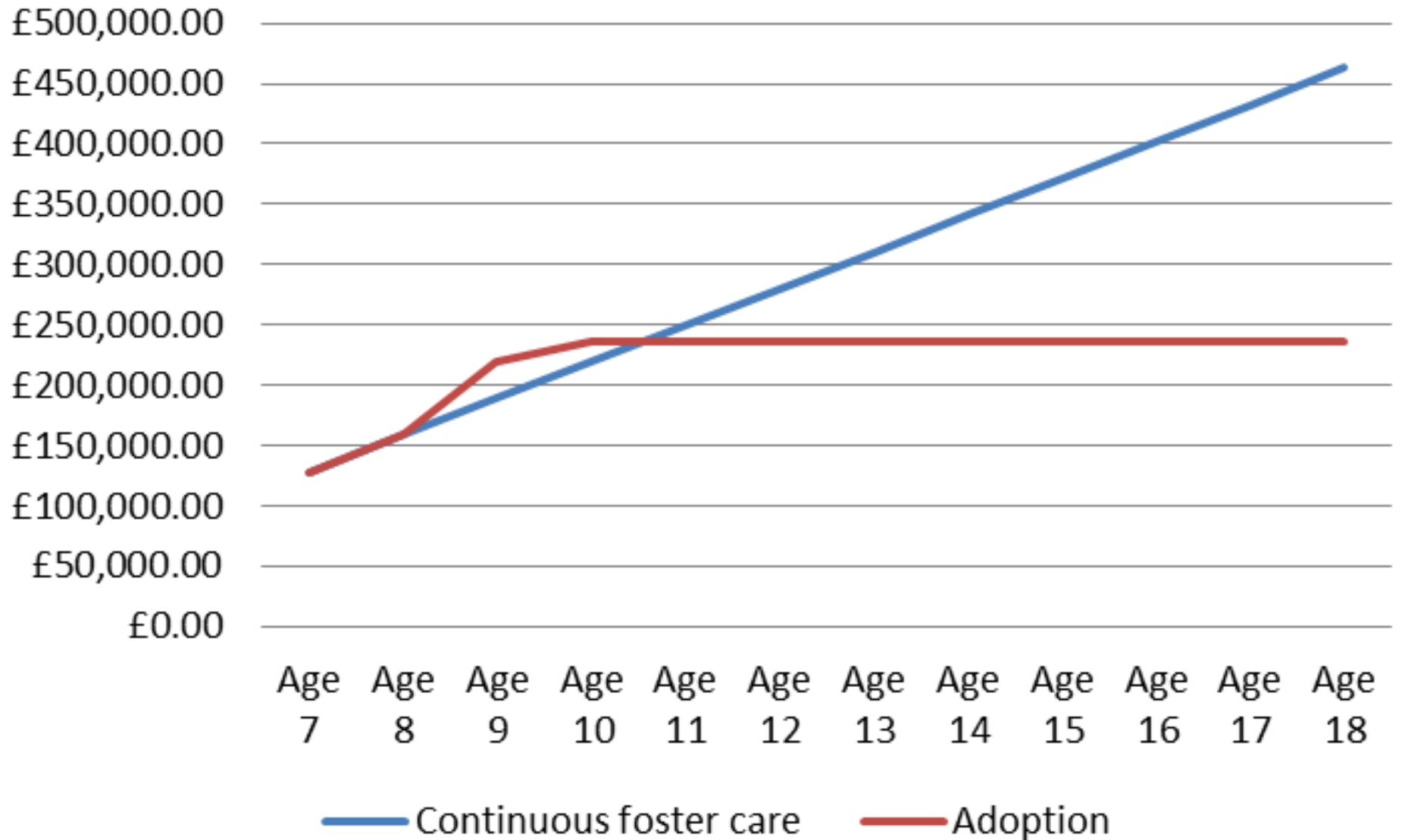
# Cumulative costs: Madeleine and James



# Annual projected costs: Madeleine



# Projected cumulative costs: Madeleine



# Discussion

- Can understanding process costs inform decision making?
- How would you use data similar to this in your role?
- Can they be used alongside expenditure information and cashable savings?
- Can processes be carried out more effectively and/or efficiently?
- Can outcomes be improved?

# False Economies: Introducing Transparency

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- Understanding how costs are calculated and the various components of cost can assist in a more comprehensive cost analysis
- Costs of Multi-dimensional Treatment Foster Care
- Two groups of children and young people with matched needs
  - Group 1: in MTFC
  - Group 2: in 'conventional placements'
- Included costs of
  - Placement
  - Case management activities
  - Other services
- Costs calculated prior to and following entry into MTFC as well as during



# The costs of Multi-dimensional Treatment Foster Care

- Social care costs reduced by approximately **15%** upon entry into MTFC
- Costs of alternative placements
  - £73, 121                      Annual cost of MTFC
  - £65, 483                      Agency foster care
  - £126, 903                     Agency residential
  - £161, 548                     Local authority residential
- Longer term costs (and outcomes)?

# Costs of Evidence Based Programmes

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Any questions?

# THANK YOU

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