



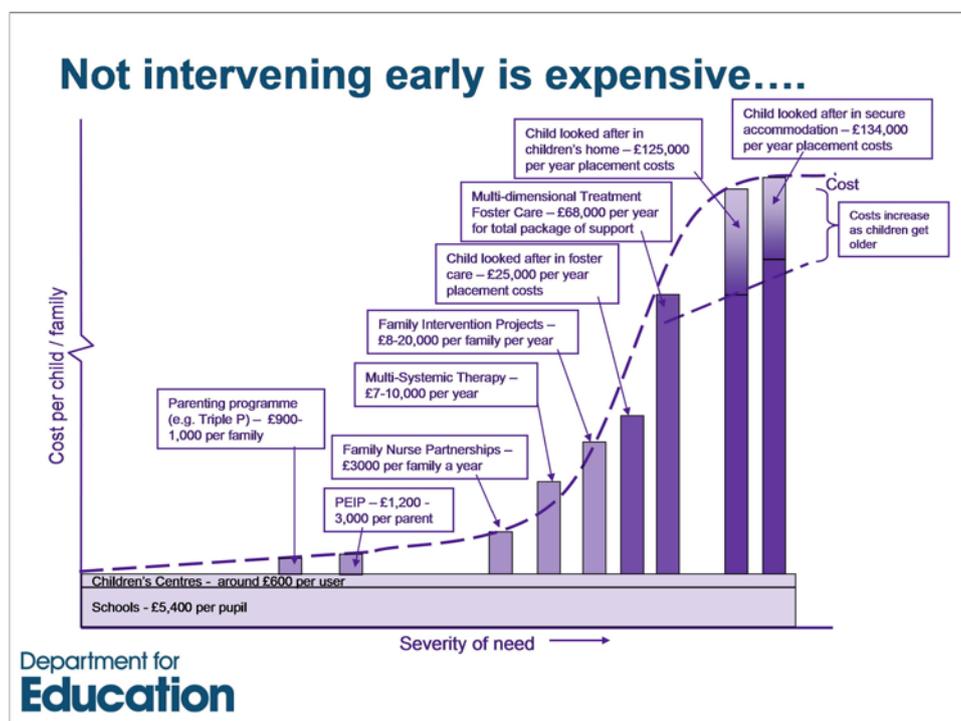
Value for money in social welfare services?

Dr. Jane Akister*

Niamh O'Brien

Paper for Cambridgeshire County Council

FAMILIES



Introduction

There is an increasing focus on gaining 'value for money' in all areas of public spending in the UK and worldwide¹. It is hard to conceptualise what this 'value for money' means in relation to social welfare provision since the range of services provided through the public sector are so diverse.

In relation to children's welfare and protection, the services must cover:

¹ Burley, M. and Lee, S. (2010) Extending Foster Care to Age 21: Measuring Costs and Benefits in Washington State. <http://www.wsipp.wa.gov/pub.asp?docid=10-01-3902> Accessed 25.7.13

1. protection from harm: physical and emotional;
2. protection from neglect;
3. prevention of harm and neglect.

Protection from harm and neglect may take place in the family environment or in out-of-home care. Prevention from harm, normally takes place while the child remains in the family environment and requires the early identification of risk to a child together with an intervention designed to prevent progression to harm. Immediately we can see that there will be a complex system of services designed to meet children's needs in these situations.

It is important to recognise that while the family is viewed as the ideal environment to provide for the needs of the child, the legal remit to work with families is based in legislation to protect the welfare of the child. For this reason the work undertaken with the family needs to deliver improved outcomes for the child/children.

Where to start? The whole conception of children's services is aimed improve life chances for children and was captured in the propositions in the government paper, Every Child Matters², that every child has a right to opportunities. We could argue that the aim of children's social welfare services is to improve outcomes either through preventing the circumstances from getting worse or through an actual improvement in the circumstances. Where there is statutory involvement in a family, things need to get better or legal action will be taken. Where the involvement is an early intervention the outcome we seek is that things do not get worse, to avoid moving towards statutory involvement. Theoretically this is quite simple. If there is a statutory involvement and things do not improve we can argue that the intervention is not worthwhile and that it is not value for money. If the involvement is preventative and things get worse, again this is not value for money. Of course, because there are many complexities in each family or child welfare concern it is tempting to say this is much too simple. However, if we do not look at outcomes, in some way, we risk practising

² Department for Education (2003) Every Child Matters. HMSO.

in ways that are not evidence-based and may actually be harmful. The 'value for money' in children's welfare services has to be concerned with effectiveness and outcomes.

As well as fulfilling statutory duties, current government policy emphasises both early intervention and prevention strategies (Allen, 2011³) and recognises the need to have sufficient resources to support those with greatest need, including children with disabilities (Department of Education, 2011⁴) and children subject to Child Protection Plans (Munro, 2011⁵). Balancing the cost implications is challenging and one approach, the Cost Calculator (Holmes and McDermid, 2012⁶), uses what they describe as 'bottom up' methodology, analysing the components of social care provision and gives costings of the main activities which can be used to cost a specific case or a group of cases. Conversely, it can be used to estimate savings achieved through a specific intervention.

Who wants to know if a service is value for money?

Value for money questions in social welfare services are usually posed in three ways:

1. Where a local authority has commissioned a service is it cost effective?
2. Where a third sector organisation is providing a service, is there independent evidence of cost effectiveness?
3. Where a local authority is providing a service is it cost effective?

³ Allen, G. (2011) Early Intervention: The next steps. London: HM Government.

⁴ Department for Education (2011) Short Breaks for Carers of Disabled Children: Advice for local authorities. London: Department for Education.

⁵ Munro, E. (2011) The Munro review of Child Protection final Report. London: Department for Education.

⁶ Holmes, L. and McDermid, S. (2012) Understanding Costs and Outcomes in Child Welfare Services: A comprehensive costing approach to managing your resources. Jessica Kingsley Publishers: London and Philadelphia.

These questions can be considered in relation to a specific intervention or time period or in relation to the lifetime costs. Coles et al.⁷ estimated the life time costs of people not being in education, training or employment (NEET). This was an ambitious approach and in the case of the cost of being NEET over a lifetime, the huge lifetime costs identified would suggest that there is value in any strategy that is proven to improve outcomes. Based on the lifetime approach, it could (and perhaps should) be argued that once children and families are subject to child protection legislation that all interventions have value in attempting to alter the young persons' life trajectory. However, resources are limited and we will propose an approach that looks at cost effectiveness in a limited time frame.

Methods for calculating cost effectiveness

To be cost effective a service needs to deliver savings that are greater than the costs. This is difficult to establish as most of the service users are involved with multiple services and estimating costs and savings is difficult.

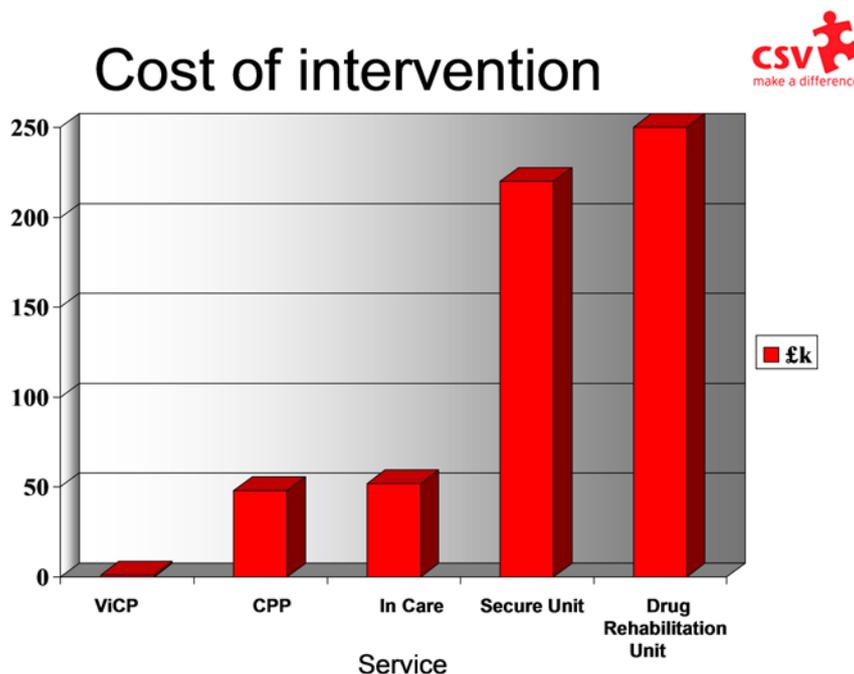
Health economists have tried to look at whether an intervention leads to a decrease in service use, but this is notoriously hard to track. Service users are poor at reporting their range of service use, and even though they are referred to services they do not always take up these services. So the methodology for calculating cost effectiveness based on levels of service use is often inaccurate.

Currently, there is a move to consider the costs of interventions. For example, the cost to the welfare services of a child being placed in care is greater than the cost when they are able to stay in their own home. If we can show that a service leads to a child returning from

⁷ Coles, B., Godfrey, C., Keung, A., Parrott, S. and Bradshaw, J. (2010) Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training. University of York.

out-of-home care to their parents care we are clear that there have been savings. If we can show that a service prevents a child coming into the care system we can estimate from this the costs that would have been incurred had they come into the care system.

The diagram below provided by a third sector provider (Community Service Volunteers, CSV) gives an idea of how this works. The CSV ViCP (Volunteers in Child Protection) intervention is very cheap compared to the cost of a child on CPP (Child Protection Plan), which in turn is much cheaper than maintaining a child in a secure unit, and so on.



The critical question therefore is does a specific service lead to improved outcomes for the child, thus evidencing direct savings and/or does the specific service prevent the need for more expensive interventions?

Continuing with the CSV example, does the ViCP intervention contribute to a child coming off a CPP? If so, the intervention contributes to the costs saved. If a child is in out-of-home care and returns home but is still subject to a CPP there is an identifiable cost saving, but the

costs are still high and so on. This methodology can be applied to any intervention including work with the whole family system or work with an individual child or young person. (It can also be applied to other service user groups),

Attributing value for money is not easy when there is such a complex interplay of agencies intervening with these families.

For these reasons, the only way to approach this with confidence is to take the known costs and establish whether the intervention has led to improvement and therefore reduced these. If not then there have to be questions about whether the intervention is worth continuing with. This is particularly pertinent to interventions commissioned by the local authority and delivered by external providers and to preventive interventions where current service costs are low.

We can make these calculations using indicators of concern about the family (levels of concern reflected in the CAF levels or local equivalent; see Appendix 1 and 2) and the costs saved using the cost calculator⁸. Detail of this approach are given below.

Approaches to calculating 'Value for Money'

This section begins by presenting some thoughts from young people on what might have helped to prevent them coming into care as a backdrop to the pressure for early intervention, without an evidence base. Developing an evidence base at the locality level remains important (CAF levels 1-2; **see Appendix 1**). It then looks at some of the core outcomes that can confidently be costed for use in value for money calculations.

⁸ Holmes, L. and McDermid, S. (2012) *Understanding Costs and Outcomes in Child Welfare Services: A comprehensive approach to managing your resources*. Jessica Kingsley: London and Philadelphia.

Preventing reception into care

In the study ‘*Children on the edge of care*’ led by Dr Roger Morgan⁹ a vast number of the 122 children and young people participating in the study (43%) held the view that they would not have needed to come into care if there had been more support provided for them and their families. Most of these young people felt that the following (and other) support might have prevented them from entering the care system:

Support	Percentage of young people
More support for parents/carer	58%
A social worker or other worker visiting us until things are settled	46%
Someone checking up on how we are getting on	43%
Help with somewhere good to live	42%

Other ideas offered by young people for further support included: practical help for parents around maintaining the family home, group meetings to support parents and their children together, guidance on parenting skills and both practical and emotional support for parents caring for children. The young people proposed “*an independent visitor, rather than a social worker*” (p.9) to visit regularly and provide the types of support mentioned previously. National survey data suggests that unless support and services are offered early there is a high risk of situations

⁹ Morgan, R (2011) *Children on the edge of care: A report of children’s views by the Children’s Rights Director for England*. Ofsted: Manchester.

* jane.akister@anglia.ac.uk

Value for money

escalating and thus necessitating higher level intervention at a later date as well as further costs.¹⁰

What are the costs?

In 2009 the House of Commons, Children, Schools and Families committee report on Looked after Children¹¹ highlighted the average costs per week of children in the care system:

Average cost per looked after child per week (£)	
All placements	774
Residential home placement	2,428
Foster Care	489

Previous studies show the estimated costs per annum associated to risks linked to vulnerable families. These estimates are based on the likely spend required by public agencies in response to each risk:

¹⁰ Holmes, L., Munro, E.R., and Soper, J. (2010) *Calculating the cost and capacity implications for local authorities implementing the Laming (2009) recommendations*. Centre for Child and Family Research: Loughborough University.

¹¹ House of Commons Children Schools and Families Committee (2009) *Looked After Children: Third Report of Session 2008-09* Volume 1. The Stationary Office: London.

Risk and estimated cost per annum (£) ¹²		
Risk	Cost	Source
Foster Care	20,500	Jones et al. 2006
	34,400 - 46,800	Nixon et al. 2006
Local Authority residential care	72,800	Walker et al 2006
Local Authority Secure Care	193,700	Walker et al 2006

Cost models

The cost calculator has been developed by researchers at the Centre for Child and Family Research at Loughborough University. The methodology for the cost calculator lies in the work of Beecham¹³ who designed the 'bottom-up' costing methodology. This methodology has been successfully used in a number of studies exploring the costs and outcomes associated with child welfare interventions including the costs of placing children in care, short break services for disabled children and key policy and practice developments.

"It allows for the development of a detailed and transparent picture of costs of providing a service, and of the elements that are necessary to support service delivery. This method facilitates comparisons of costs and allows for

¹² Flint, J. (2011) *Evaluation of Rochdale Families Project: Briefing paper on Economic Cost-Benefits of Family Interventions*. Centre for Regional Economic and Social Research: Sheffield Hallam University.

¹³ Beecham, Jennifer (2000) *Unit Costs: Not Exactly Child's Play*. Project report. Department of Health, Personal Social Services Research Unit and Dartington Social Care Research Unit. <http://kar.kent.ac.uk/32449/> Accessed 24.7.13

variations in costs according to the needs of children, decision making processes and approaches to service delivery to be considered.”¹⁴

This approach focuses on the personnel required for each activity or service and estimates the time spent on it. These are then calculated using the appropriate hourly rate. The ‘bottom-up’ approach is therefore associated with the amount of time spent on the activity and the salaries of those involved including management overheads and other expenditure. The cost calculator has been used to quantify the costs associated with social work time. At a time when young people themselves are proposing an increase in social work time in order to improve their situation it is worth determining the costs associated with this activity. In the case of initial contact the time spent by social workers ranged from 15 minutes to over 3 hours but on average this was 49 minutes. Additionally referrals averaged at about 4 hours and 40 minutes of social worker time. The average time spent by social workers on initial assessment was 10½ hours. The following table gives a break-down of these costs:

Social work activity	Cost
Initial contact (based on average unit cost per hour)	£36.94
Referral costs	£117.41
Initial assessment (social worker, team manager and administrator costs)	£361.70

In 2010, the cost calculator was extended to include the cost calculations for all ‘children in need’ evidencing that it was possible to show the various costs incurred for children with

¹⁴ Holmes, L., Munro, E.R., and Soper, J. (2010) *Calculating the cost and capacity implications for local authorities implementing the Laming (2009) recommendations*. Centre for Child and Family Research: Loughborough University.

different levels and types of need. For children under the age of six increased involvement from social care was identified and therefore higher costs. Increased costs were also identified for children on a child protection plan or those with emotional or behavioural difficulties.

As an example, we can look at ‘Ongoing Support’ calculations. Variations in the amount of direct time spent by social care practitioners working with a particular child or family were determined by the level of need and circumstances:

Process	Standard or Variation cost	Out of London unit cost to social care (£)
Process 3: Ongoing Support (per month)	Standard cost: No additional need	107
	If child under 6	192
	If Child Protection Plan	263
	If 6 or under and CPP	410
	If emotional or behavioural difficulties	199
	If EBD plus another factor	499

The costs of case management activities for children’s social care over the time period 1st October 2008 – 31st March 2009 is shown below:

Average total cost over 6 months (£)						
All children in the sample	Children in need with no specified additional need type	Children under 6 years	Children who have a child protection plan	Children under six years who have a child protection plan	Children with emotional or behavioural difficulties	Children with emotional or behavioural difficulties and another factor
1,416	905	1,387	1,864	3,069	1,494	3,205

These costs are helpful as it can immediately be seen what type of situation escalates costs. This also highlights where you can make the most effective savings, and evidence these.

Concluding thoughts

There is no simple way to show cost effectiveness in social welfare services. For this reason any claims to cost effectiveness need to be clearly evidenced and not over optimistic.

Returning to the three core questions concerning 'value for money':

1. Where a local authority has commissioned a service is it cost effective?
2. Where a third sector organisation is providing a service, is there independent evidence of cost effectiveness?
3. Where a local authority is providing a service is it cost effective?

The answers to the first 2 questions should be relatively simple. Does the service deliver improved outcomes for the service user? If so, what is the cost of the service and how many service users would need to benefit to make it cost effective (see Box 1 below)?

Box 1: Commissioning Cost Effective Services

Local Authority B commission a service from the NSPCC. The normal calculations of profit and loss would expect a return of 100% on expenditure to remain viable, anything less would not take account of the cost of other factors that may be contributing to improvements, and would be overstating the effectiveness of the service. The service costing £100,000 p.a. is to be delivered to 20 children, the cost per child is £5,000. To be clear that the service is cost effective there would need to be savings evidenced of £10,000 per child, that is £200,000 overall. If the service delivers savings that are less than this, say £8,000 per child, then they would need to be able to provide the service to a minimum of 25 children to make the service cost effective. The Local Authority may budget for start-up time and low referral rates to the service in the first year, but should then look for clear returns.

Clearly the profit margin can be altered but if the costs and benefits approach equality then it is very hard to argue that the service is worthwhile.

The answer to the question of whether a local authority service is cost effective is slightly more challenging. If the service is fulfilling a statutory function those identified needs have to be met. The best way to look at this is to provide services with an evidence base (known to work) and to keep cost to a minimum. For preventative services the methodology above is proposed such that the rigour of examining cost effectiveness is applied and services that are not cost effective make way for new approaches. For preventive services, you are trying to establish either improvement or at least no worsening. These calculations should be made separately as improvements suggest effective intervention, while 'things not getting worse' hypothesises cost savings, but perhaps they would never have got worse.

Finally, we propose that estimates of 'value for money' should be done, at least using the simple approach described here. Hiding behind complexity, paralyses decision making. It is not acceptable to support public services that have no evidence of cost effectiveness, simply because the detail is impossible to calculate. We actually do not need the detail because we can deal in averages using costs calculated from existing research.

Appendix 1: Levels of Need



¹ <http://www.portsmouth.gov.uk/media/ecyp20091020r5c.pdf>

Appendix 2: Information needed to calculate costs/value for money:

1. Age of child
2. Subject to Child Protection Plan
3. Additional Needs/ Services used
 - Family support worker
 - Short breaks
 - Ongoing support
 - Children's centre
 - Parenting Course
 - One-to-one sessions e.g. from mental health social worker
 - Other agencies including for domestic violence, drug and alcohol, parental mental health, probation, youth services.
4. Child with emotional and behavioural difficulties (EBD):
 - Permanent exclusion from school
 - Currently in receipt of (or refusing) CAMHS or similar
 - Recorded history of self-harming or eating disorder
 - Diagnosis of EBD by health worker or recording by social worker of behaviour consistent with EBD (such as fire setting)
5. Number of referrals in the period
6. School attendance