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Children's social care cost pressures and variations in unit costs

Research report

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Introduction

This report brings together findings from a recent data collection template completed by 13 local authorities in England (termed here the cost pressures survey) and existing research evidence to explore the unit costs of providing children's social care services. The findings from existing research are focused on the use of a bottom-up unit costing methodology to explore different parts of the children's social care system and to identify, and account for variations, based on qualitative responses from the cost pressures survey. The focus of this report is on all children in need, including those who are looked after. The findings are also positioned within the wider evidence base covering issues related to demand and expenditure on children's social care.

The project was carried out between April and July 2019 and was commissioned as a small-scale research study via the Department for Education Analytical Associate Pool. The project was commissioned to support and supplement internal analysis by the Department for Education as part of the preparations for the spending round in summer 2019. The project aimed to examine and categorise reasons for variations in the unit costs of providing children's social care and to highlight the reported cost pressures that local authorities are currently experiencing.

Background and context

In recent years a series of reviews and research studies have highlighted and raised concerns about the increased demand for children's social care services (ADCS, 2018; LGA, 2017; Thomas 2018), at a time when budgets are increasingly constrained (Kelly et al., 2018; Stanford and Lennon, 2019). A recent evidence review of children's vulnerability and social care (Crenna-Jennings, 2018) highlighted an increase in the number of child protection plans, cuts to early intervention services and growing pressures on children's social care. The latest Association of Directors of Children's Services Safeguarding Pressures survey published in late 2018 highlighted an increased demand across all areas of children's social care since 2008 (ADCS, 2018). This sixth phase of the Safeguarding Pressures study presents findings from 140 local authorities (92%) and makes use of the data from the previous years (dating back to 2007-08) to facilitate the use of predictive modelling to estimate future demand. Concerns about the increased demand for children's social care services led to a recent sector-led review which concluded that there is a crisis across children's social care and family justice (Care Crisis Review, 2018). That review considered the factors that have contributed to the increase in the number of children being placed in care and the increase in referrals to children's services and also set out 20 options for change (ibid). The review highlighted the complex interplay between a range of factors that impact on thresholds and referral rates and highlighted evidence showing an association between socio-economic and environmental factors, and rates of children in need. However, the review also highlighted that statistical neighbours to a given local authority (for example, authorities that have similar economic and demographic characteristics to the authority in question) can have marked differences in their rates of children coming into care. In a recent evidence review, Bywaters and colleagues (2016) argue that socio-economic factors partly influence the likelihood of children suffering abuse and or neglect. They present consistent and robust evidence mainly from outside the UK on the link between poverty and child abuse and neglect, with the more limited evidence base from UK supporting the transferability of these findings. The paper contains a substantive discussion about socio-economic or socio-cultural factors that should be collected from children's social care users to build the evidence base on the link between poverty and abuse and neglect. These include Index of multiple deprivation, free school meals, unemployment rates and take-up of out of work benefits.

There is also a growing evidence base of the impact of increased demand and realised children's social care service receipt at a time of continued austerity and reductions in children's social care budgets, which have placed pressures on children's social care (Thomas, 2018; Kelly, Lee, Sibieta and Waters, 2018). Hood and colleagues (2019) in their recent analysis have highlighted the complex relationship between demand (as represented in the national trend data from both the Department for Education and CAF/CASS) and the ways in which demand (for example, referrals, children in need and

child protection plans) is managed within local authority children's services departments. Furthermore, a recent report by the Office of the Children's Commissioner (Stanford & Lennon, 2019) has highlighted the pressures on budgets, and attributes some of these pressures to the reduction in pre-statutory services to support children and their families. The report also emphasised that in 2017-18 91% of local authorities had overspent on their children's services budget (ibid). Spend by local authorities is reported annually as part of the section 251 return and is broken down by services for looked after children, child protection and safeguarding, family support, as per the categories defined for the purposes of reporting¹.

Previous research has highlighted the limitations of annual aggregate level children's social care expenditure data when used as a means to understand expenditure variation or expenditure changes over time (Beecham & Sinclair, 2007; Holmes & McDermid, 2012; Ward et al., 2008). The annual expenditure returns (section 251) provide data for a very specific purpose and can only facilitate top-down estimates of unit costs. As an example, local authorities report total annual expenditure on their fostering services in the section 251 return. This can be divided by the number of children in foster care placements by the number of care days in foster care provision over the course the year). Top-down unit costs like this provide a useful indication of expenditure across different parts of the children's social care system, and provide year on year analyses of trends in expenditure, but they do not sufficiently capture the level of complexity or nuance of children's social care. For example, they do not capture, or account for the needs of the children and families (Stanford and Lennon, 2019) and whether service responses differ for children, young people and their families. Furthermore, while the section 251 data provides an indication of the differences in unit costs between local authorities, it does not offer any explanation as to the reasons for these differences, and whether they are as a consequence of differences in the populations referred, their needs, the service responses and the wider context, or are as a result of different approaches to the completion of the statutory expenditure returns.

Recent reports have also highlighted the variability in reported unit costs (or mean costs) that cannot be explained (Narey and Owers, 2018; Stanley and Rome, 2013). This often reflects differences in the data sources being used and the construction of the unit costs. The findings section of this report aims to provide some clarity and go some way to explain the variability in unit costs, although as highlighted recently by Stanford and Lennon (2019) there is limited data to make informed decisions about funding allocation

¹ Section 251 of the Apprenticeships, Skills, Children and Learning Act (2009) requires local authorities to submit statements about their planned and actual expenditure on education and social care. <https://www.gov.uk/guidance/section-251-2018-to-2019>

for services, particularly in terms of the degree to which it is possible to link spending to need or to trace the outcomes and impact of spending.

Methodology

The project comprised development of a survey completed by a small sample of local authorities, an examination of the survey responses, and a review of existing evidence on the bottom-up² unit costs of children's social care and how this relates to the survey responses.

The evidence from the survey and the bottom-up unit costs are also used to explain the cost implications associated with observed national and local authority level changes in children's social care demand. The bottom-up unit costs facilitate a more detailed analysis of particular features related to the increased demand referred to above, for example, the increase in the adolescent population of looked after children. The children's social care unit costs have also been used to explore the national cost implications of the increase in child protection plans and numbers of looked after children.

Cost pressures survey

The costs pressures survey was initially developed by the DfE for internal analysis. It was subsequently updated following discussions with the Rees Centre, to be used for this project. The survey forms part of the DfE's wider ongoing work to understand children's social care service cost and demand, and the challenges and opportunities for further efficiencies in the delivery of children's social care services. Local authorities were approached to take part in the work via the Association of Directors of Children's Services (ADCS) and the Service Working Group on Education and Children's Services (SWGECs)³. The primary purpose of the survey was to fill in gaps in national data to be able to quantify the impact of changing service demands. For example, understanding spend attributable to particular social work activity and/or cohorts of children, workforce spend and placement costs. The survey also provided an opportunity for local authorities to submit contextual qualitative information, both in terms of the pressures they are experiencing, and the ways in which their spend data are prepared for submission.

Cost pressures surveys were received by 13 local authorities between March and July 2019. Another local authority also submitted a survey to the DfE for their internal

² There are 2 approaches to estimating unit costs: top-down or bottom-up. The former assembles all relevant expenditure and divides it by units of activity. A bottom-up approach focuses on all aspects of a service and encourages an understanding of the services being costed, how they are provided and who is involved. See Beecham (2000) for further information.

³ The Service Working Group on Education and Children's Services (SWGECs) facilitates exchanges between local authority finance representatives and the Department for Education on matters concerned with revenue and capital expenditure on education and children's services.

analysis, but did not give permission for it to be included in this study. A further 3 local authorities declined to participate as a result of insufficient capacity to return the survey within the required timeframe. The 13 local authorities are not representative, but include a mix of types of local authority (London borough, unitary, metropolitan, shire) and geographical location, with multiple regions represented. The survey included seven overarching sections:

Section one: overview of expenditure

Section two: placements

Section three: social work

Section four: care leavers

Section five: service pressures

Section six: how efficiencies have been achieved and examples of best practice

Section seven: plans to deliver more efficiencies and savings

The cost pressures surveys were predominantly completed by local authority finance managers and each section comprised both quantitative and qualitative data. The level of detail recorded in the surveys was variable, with some local authorities completing all sections and providing detailed qualitative information to accompany their data. Some of the participating local authorities also submitted accompanying Excel files with supplementary information related to their expenditure, including detailed salaries and payments for placements (fees and allowances).

Existing research

In addition to the cost pressures surveys, the existing studies that inform the analysis and findings included in this report consist of the following:

- an exploration of the relationship between needs, costs and outcomes carried out in 6 local authorities (Ward, Holmes and Soper, 2008)
- consideration of cost and capacity issues in local authorities following the Laming Review (2009), including a survey with 46 local authorities, and in-depth case study work in 9 local authorities (Holmes, Munro and Soper, 2010)
- an exploration of all services and support provided to children in need, including detailed mapping carried out in 15 local authorities and in-depth case study work in 4 local authorities (Holmes and McDermid, 2012)
- a Research in Practice change project to explore the nature and availability of data to cost edge of care services. This project was carried out with 19 local authorities and was also used as an opportunity to re-validate and update the time use data from the aforementioned studies to ensure that they are still applicable (Bowyer et al, 2018).

The first three studies listed above were mixed-methods and included an examination of the needs and circumstances of children and young people in receipt of children's social care, the support and services received and the outcomes achieved. All of these projects utilised the same conceptual framework and overarching methods for collecting time use data, and calculating bottom-up unit costs. These are outlined in the following sections. The fourth project comprised a series of action learning sets with 3 representatives from the 19 local authorities: a finance lead; performance and data manager lead and a strategic lead for edge of care services.

Research conceptual framework

The conceptual framework for the studies listed above was first developed in the early 2000s with a focus on looked after children and has since been expanded for other parts of the children's social care system in England, including all child in need and child protection cases. This conceptual framework formed the basis for the calculation of bottom-up unit costs for children's social care detailed below. The conceptual framework has also been tested, piloted and adapted for the Scottish and US child welfare contexts (Holmes et al, 2014).

The conceptual framework was initially developed for the research to introduce a systematic way to understand the children's social care support that is provided to children and young people from the point of referral until the case is closed. As such, a process driven approach is used to categorise all activities into processes. These processes were initially based on those outlined in the Core Information Requirements Process Model (Department of Health, 2001) and have since been updated to reflect changes in policies and practice in the intervening years, for example, the introduction of the Single Assessment as a replacement for Initial and Core Assessments. The conceptual framework also makes an important distinction between services, for example, placements, or an intervention that is either provided by or commissioned by the local authority and support, for example, the activities carried out by social workers and others to support the case. This distinction facilitates an exploration of the costs associated with supporting children and young people in their placements in addition to the fees and allowances that are paid. This element is often lacking in many analyses that seek to compare the costs of local authority and independent sector placements (Ward, Holmes and Soper, 2008; Narey and Owers, 2018).

The processes for children in need, child protection and looked after children are detailed in Table 1. As part of the methodology, each of the processes is broken down into its constituent parts, and within each process, all of the activities carried out by a range of children's social care practitioners have been identified. The activities to be included in each of the processes were determined by an exploration of local authority policy and procedure documents and then subsequent discussions with key personnel in local

authorities participating in the range of studies detailed above. This then formed the basis of the conceptual framework which has been utilised for the time use studies. To note, the processes detailed in Table 1 are not linear, and not all are carried out for all cases, for example not all children in need will become looked after, and others will oscillate between children in need and looked after children. The complexity of the pathways of children and young people supported by children’s social care was recently highlighted as part of longitudinal analysis carried out by the Department for Education (2018a). Furthermore, some of the processes are one-off events, and others such as process 3 (for both looked after children and children in need) happen over the complete time period from when a case opens until case closure.

Table 1: Child in need (including child protection and looked after children) social care processes

Process	Description
Child in need process 1	Initial contact and referral
Child in need process 2	Single assessment
Child in need process 3	Ongoing support
Child in need process 4	Close case
Child in need process 5	Section 47 enquiry
Child in need process 6	Planning and review (CiN open case)
Child in need process 7	Public Law Outline
Looked after child process 1	Decide child needs to be placed and find first placement
Looked after child process 2	Care plan
Looked after child process 3	Maintain the placement
Looked after child process 4	Ceased to be looked after
Looked after child process 5	Find subsequent placement
Looked after child process 6	Review
Looked after child process 7	Legal processes (section 31 care order)
Looked after child process 8	Transition to leaving care services (including the pathway plan)

Time use data

Unit costs are calculated based either on a top-down or bottom-up approach. Research evidence suggests that the inclusion of a bottom-up approach to unit cost calculation enables an examination of the complexities of children’s social care, accounting for

variations in the needs and circumstances of children and young people (Beecham, 2000; Ward, Holmes and Soper, 2008; Holmes and McDermid, 2012). A bottom-up approach should include a time use study to explore the children's social care time that is required to adequately support children. This approach facilitates an exploration of the variations in the activity (and subsequently costs) of providing child welfare services, considering the needs and circumstances of children and the type of service (or placement) that is provided. The variations that have the most substantial impact on costs have been identified as the needs and circumstances of the children and young people, the type of service provided and local area policy and procedures (Beecham, 2006; Ward, Holmes and Soper, 2008). These variations, along with others identified in the cost pressures survey are detailed in this report.

The bottom-up unit costing methodology included a series of time use studies. These time use studies have been used to identify the amount of time spent on each of the activities to support children in need that form the processes detailed in Table 1. A distinction has also been made between direct, indirect and administrative activities. This distinction has helped to better understand the proportion of time spent on different types of activity, and to examine changes in activity following the introduction of specific working practices, for example, an increase in direct working to support children and families when the plan is reunification (Holmes, 2014). The time use data collection methods used to date include a range of retrospective (focus groups and surveys) and prospective (diaries and event records) methods. The different methods and integration of the data from the methods are detailed elsewhere (see Holmes and McDermid, 2012). The analysis of time use figures also include a process of validation to cross reference time use estimates with caseloads. This validation and verification process ensures that the time use estimates provided for the different processes can be undertaken by social care practitioners in an average working week. The most recent study, carried out as part of a Research in Practice change project included consultation with 19 local authorities (Bowyer et al, 2018). This study facilitated an opportunity to check that the earlier time use studies are still applicable for current practice. It was evident from this process that while there have been numerous policy and practice changes, most of these can be accounted for in the variations that are already included in the existing nationally applicable time use estimates, and associated unit costs.

Bottom-up unit cost estimations

Once the activity times had been identified for the social care processes, it was possible to calculate a unit cost for each process (as detailed in Table 1). The social care activity was linked to salary and overheads. Either national salary figures are used (see Curtis and Burns, 2018) or can be customised at a local authority level with the use of local salary figures.

As detailed earlier in this report, a top-down approach (expenditure divided by the number of children placed) cannot account for variations in spend across children's social care services, as such assessments of quality and value are problematic. However, a top-down approach, as per the preparation of budgetary data by local authorities for the submission of the section 251 expenditure return does provide an overview of the total expenditure for different parts of children's social care services, and does go some way to understanding some of the broader issues related to local authority spend and trends. As recently highlighted by Stanford and Lennon (2019) the categorisations of spend in the section 251 do not provide any indication of spend according to child need.

The use of bottom-up unit cost estimations requires the inclusion of organisational overheads. This is usually expressed as a percentage of direct salary costs, to ensure that a comprehensive cost of service delivery is included. Overheads costs are those that are associated with the overall functioning of a business or organisation working within its usual range. Examples include, premises, management, Information Technology (IT), Human Resources (HR) and office running costs. Research focused on adoption (Selwyn et al, 2009) highlighted variability in the way in which local authorities attribute overheads and apportion costs of different central services, this makes comparisons between local authorities problematic.

The issues related to the way in which overheads have been apportioned by local authorities have also been examined and reviewed as part of the DfE's annual consultation on the section 251 guidance⁴. In November 2018 the consultation focused on how best to categorise and record overheads and income, including grants, in the children's services lines within the return. Responses to the consultation were mixed: some indicated that separation of overhead categories would aid comparability and others suggested it would increase reporting burdens and would not address the underlying issues of comparability. Furthermore, respondents indicated that overheads would still be attributed to services differently dependent on local accounting practice and service structures. A further complexity raised by some was that the section 251 return is broader than children's services and needs to offer some consistency of approach to align with submissions for school and education services. Following the adoption research detailed above, Selwyn and colleagues developed a standardised framework for the calculation of overheads, which has subsequently been piloted (Holmes, McDermid and Sempik, 2010) and utilised in subsequent research projects (Holmes and McDermid, 2012).

⁴ <https://www.gov.uk/guidance/section-251-2018-to-2019>

Findings

This section of the report sets out the findings from the cost pressures survey and situates these within the wider evidence base, in particular existing studies and existing bottom-up unit costs of children's social care. A summary case study from one of the local authorities that submitted a cost pressures survey is included. This findings section also includes preliminary analysis to bring together the existing unit costs for the processes detailed in Table 1 with the national administrative data from all 151 local authorities about their children in need (including looked after) populations.

Overarching issues and cost pressures

The responses to the cost pressures survey highlighted the complexity of the children's social care system, in particular the importance of the context in which they operate (see below) as well as the need to understand the nuance within the system to fully understand the factors that impact on demand and pressures. These included the impact of reduced budgets (National Audit Office, 2018) and increased numbers of child protection plans and looked after children. These findings corroborate the findings from recent research and reviews (for example, Care Crisis Review, 2018; La Valle et al, 2019).

As detailed earlier in this report, nationally there has been a rising demand for children's social care with an increase in the number of child protection plans and looked after children. This was also reported by local authorities completing the cost pressures surveys. Furthermore, the local authorities who submitted surveys highlighted increases in the complexity of the needs of children, young people and their families. Specific contemporary issues were cited, such as child sexual exploitation, child criminal exploitation and county lines gangs. These emerging trends have also been identified in the recent safeguarding pressures survey (ADCS, 2018). Associated with these issues many of the local authorities had experienced an increase in the number of looked after children in their adolescent years. This finding corroborates the latest published national data which indicates that there are a greater number of older children looked after, with nearly 4 in 10 of looked after children aged between 10 and 15 years old at the 31st March 2018 (Department for Education, 2018b). The current national data collections (SSDA 903 and children in need census) are only just starting to pick up these emerging trends of the needs and circumstances of the growing adolescent population of looked after children, and those on the edge of care. Within the children in need census local authorities are now required to record a new data item: factors identified at the end of assessment (Department for Education, 2018c). Service responses to address these issues are still relatively new, and while some relatively new models, such as No Wrong Door, developed by North Yorkshire Council (Lushey, Hyde-Dryden, Holmes and

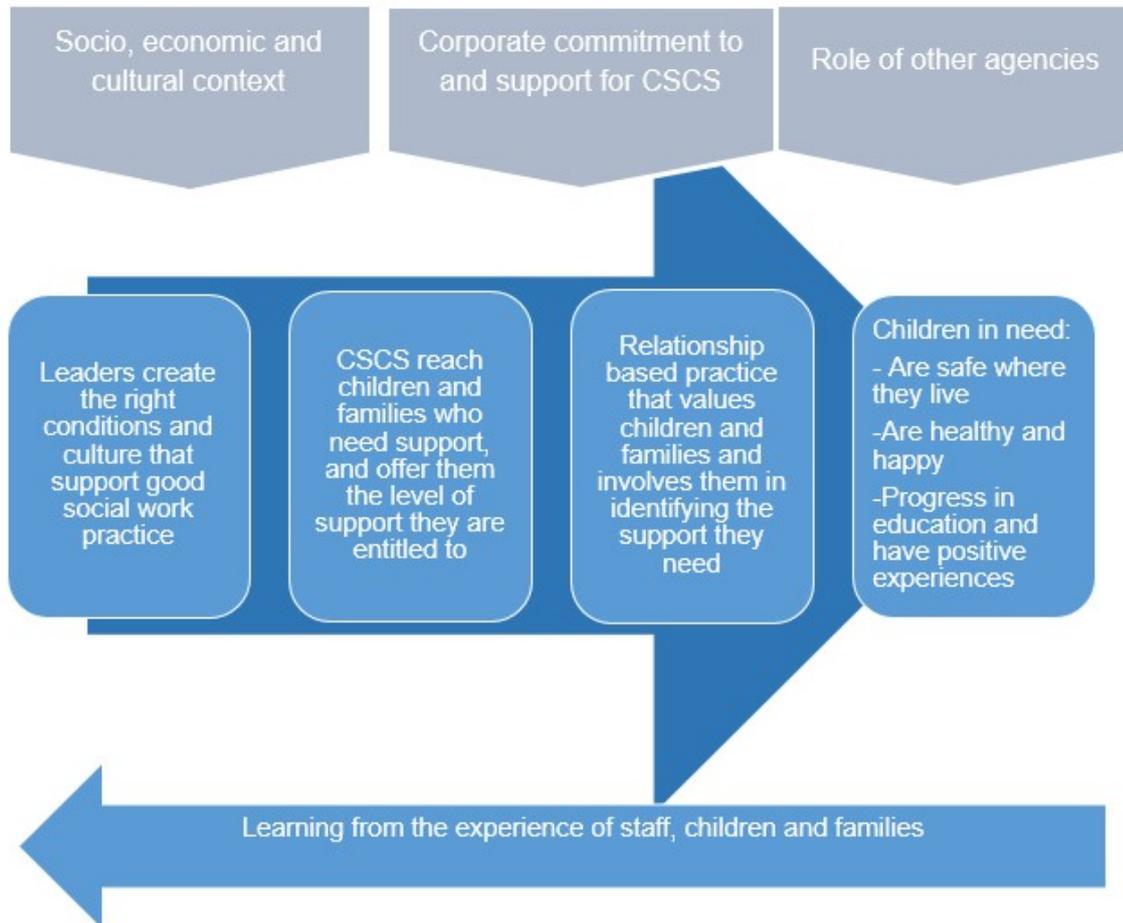
Blackmore, 2017), were cited, the evidence base for these is still in its infancy, with many of the models having only been evaluated in a small number of local authorities.

There was variation in the survey responses in terms of the type of support being offered to care leavers, for example the level of personal advisor support and whether these services had been externally commissioned. An increase in the care leaver population making the transition to higher education is a positive outcome, but places additional financial burden on children's social care budgets. The respondents also highlighted the implications of changes in policy on budgets, for example the introduction of Staying Put (DfE, DWP and HMRC, 2013). Some local authorities reported that they were experiencing further pressures by providing the care leaver entitlement to unaccompanied asylum-seeking children which is not fully funded by the Home Office. Some local authorities also highlighted the need for them to consider the longer-term impact on budgets of their increased adolescent looked after population, who were likely to need continued support from children's social care beyond the age of 18.

Factors outside the control of children's social care

Recent research has highlighted the need for the right conditions and the right culture (such as effective leadership and a commitment to social work values and ethics) in children's social care to achieve positive outcomes for children and families (La Valle et al, 2019). This recent research also indicated the pivotal role of corporate support to enable children's social care to work effectively, primarily through the allocation of an adequate budget and by prioritising the needs of vulnerable children and their families across public sector departments (ibid). The findings from this research also reflect a growing evidence base on the organisational, practice and workforce features that contribute to creating the right culture and conditions (Beninger & Clay, 2017; Bryant et al, 2016; Canwell, Hannan, Longfils, & Edwards, 2011; Forrester et al, 2013; Kantar Public, 2017; Munro & Hubbard, 2011; Ofsted, 2015; Sebba et al, 2017). These findings also resonate with the Department for Education's strategy for children's social care: Putting Children First (Department for Education, 2016). The strategy aims to achieve transformation through three fundamental building blocks: people and leadership; practice and systems; governance and accountability. Under the strategy there have been a number of new initiatives across all aspects of children's social care and an emphasis on innovation as part of the Children's Social Care Innovation programme. As detailed in the earlier sections of this report broader socio-economic and socio-cultural issues, including poverty have been increasingly cited as impacting on the demand for children's social care. La Valle et al (2019) have brought these different and multi-faceted factors together into a conceptual framework to help to understand the context in which children's social care operate (see Figure 1).

Figure 1: Context and conceptual framework for children’s social care



Source: La Valle, Hart, Holmes and Pinto (2019)

Rising unit costs

Within the wider context of increased demand and reduced budgets, rising unit costs, as highlighted in the published section 251 expenditure data, particularly for looked after children, is a substantive issue for children’s social care. The latest published section 251 data only extends up until March 2018, so also miss any subsequent increases over the past eighteen months. This was a factor that was highlighted in some of the surveys where particular concerns were raised about subsequent rises in unit costs and the longer-term implications of these. A range of inter-related factors have been identified as causal factors for higher, and rising unit costs. Some of the local authorities who submitted responses to the cost pressures survey also reported concerns about the

longer-term implications of rising unit costs, where a year-on-year rise had been reported for several years. Concerns were also raised about the complexities of managing this in future years. Furthermore, the local authorities referred to factors that were outside of their control (as detailed above) and the implications that these have on budget forecasts and making predictions of future spend. Data and issues related to budget forecasts are included later in this report. As detailed earlier in this report, the section 251 expenditure data only provides overarching information about total spend in different areas, but does not provide an insight on the reasons for variations in costs. Drawing on existing bottom-up unit costs that have been calculated as part of the research projects listed on page 11 and responses to the cost pressures survey, the following sections examine identified variations in unit costs. A range of the existing bottom-up unit costs are included for illustration in Appendix 2 and are also included in the Greater Manchester Combined Authority Unit Cost Database⁵.

Variations

In the following sections the reasons for variations in unit costs are examined and categorised in an attempt to try to explain some of the variability between local authorities. The variations that have been identified are broadly categorised according to: spend; overheads and time use. Additional variations within these broad, overarching categories have also been highlighted in research by Beecham (2006). A recent analysis on behalf of the Local Government Association also highlighted that variation in spend between local authorities is inevitable (Newton Europe, 2018). Recent reports by the National Audit Office have scrutinised variability in unit costs of children's social care and also scrutinised the inability to explain these variations (National Audit Office, 2018).

Variations in spend

As evidenced in the cost pressures survey, across the 13 local authorities there was substantial variation in spend across different parts of their service. Despite the variations there were common themes that were reported by the local authorities, including the most frequently cited – wider market pressures and increased demand for placements. These themes once again highlighted the nuances and complexity of children's social care with a range of inter-related factors being cited. The local authorities also reported a range of different, supplementary funding sources for specific interventions or innovations (for example, funding from the Department for Education Children's Social Care

⁵ The Greater Manchester Combined Authority unit cost database was updated in April 2019 and is available here: <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

Innovation Programme). It was also evident from the cost pressures surveys that the categorisation and allocation of these funds to different section 251 cost headings lacked consistency.

Salaries

Variations in the salaries being paid to the children's social care workforce was an obvious factor, but these variations are multi-faceted, and include factors beyond London weighting and those associated with the recruitment and retention of staff. Data about social work pay is not well collected at a national level. A recent freedom of information request by Community Care⁶ across 107 local authority areas highlighted a pay gap between local authority and agency social work staff, and further indicated that the gap is narrowing as a result of the introduction of the new IR35 legislation⁷. A subsequent Community Care survey to explore the impact of the IR35 changes indicated increased pressures, particularly for rural councils⁸. The data submitted as part of the cost pressures survey indicates that the rates paid to agency staff are not directly comparable between local authorities. Similarly, the salaries paid to staff in some local authorities are raised in an attempt to prevent staff moving to neighbouring local authorities that paid higher salaries. Furthermore, salaries are not correlated fully with the overall cost of living differences across local authorities.

Another related factor is the total spent on salaries in relation to increased demand and inevitably higher caseloads. Andrews and colleagues (2018) suggest that children's social care departments have become more efficient because they have controlled the size of their wage bill. However, they also go on to highlight the complexities associated with this in terms of pay freezes and the use of newly qualified rather than more experienced social workers. This analysis also does not account for, or consider any measures of quality or impact of social work practice or how the quality of social work practice is impacted by increases in workload. These complexities were also evident in the responses to the cost pressures survey. Furthermore, as detailed below, in terms of personal advisors and support for care leavers, some local authorities have increased caseloads to meet demand. Although there is a lack of routine or comparable data about quality of practice, research to explore the cost and capacity implications of Lord Laming's (2009) recommendations highlighted the need to acknowledge the impact of

⁶ The Community Care article is available here: <https://www.communitycare.co.uk/2018/02/28/revealed-social-worker-pay-differences-agency-permanent-adults-childrens-staff/>

⁷ Further information about IR35 is available here: <https://www.gov.uk/guidance/understanding-off-payroll-working-ir35>

⁸ The subsequent Community Care article is available here: <https://www.communitycare.co.uk/2018/08/22/agency-social-workers-tax-ir35-umbrella-companies/>

increased workloads on quality of practice, and time available for direct work with children and their families (Holmes, Munro and Soper, 2010).

Placement fees

One of the most frequently cited concerns in the cost pressures survey was the payments made to the independent sector for placements (both foster care and residential). In 2017-18 local authorities spent around £0.9 billion on privately run residential care and around £0.7 billion on independent fostering agencies (House of Commons, 2019). Arguably this is also one of the most contested issues in children's social care and requires further exploration (Narey and Owers, 2018). Commissioning processes, in particular in-house first policies for foster care placements have been the subject of scrutiny in recent years and were the focus of a recent legal challenge⁹. These debates have become increasingly divisive with a focus on increased profits by some of the larger independent providers, particularly in times of austerity (House of Commons, 2019). In response to both of these aforementioned reviews, the DfE have committed to a series of activities to address these issues (Department for Education, 2019). These include the provision of seed funding for fostering partnerships to introduce new or expand collaborative approaches across commissioning, sufficiency planning and integrated models of care. To date 7 projects have received funding for feasibility studies to assess the viability of these approaches.

Within the cost pressures survey most of the local authorities referred to the need for them to develop their own in-house placement services, particularly in response to meeting the complex needs of their population of looked after children. For many of the local authorities this included a current, or planned investment in local authority children's homes, both to reduce their reliance on externally commissioned placements and placements outside of the local authority area. Both of these issues are explored in this report in terms of the national data and trends over recent years.

In the cost pressures survey, the local authorities also reported their per week cost profile for their children in placements at the 31st March 2018 (based on the fees and allowances paid for placements). The local authorities provided both the proportion and number of placements at cost bands of £1,000. For all local authorities the highest proportion of placements were under £1,000 per week. The proportion of these placements (under £1,000 per week) ranged from 78% to 93%. Some of the local authorities indicated that this proportion was particularly high because of the number of children placed at home with their parents with a care order (placements with lower unit costs because they do not include the fee or allowance element). The highest reported

⁹ National Association of Fostering Providers versus Bristol City Council and others (2015) EWHC 3615.

placement cost band was £7,000 to £7,999. These were reported in 2 of the 13 local authorities for 2 and 3 placements in each.

A small proportion of children in care with the most complex needs have been found to skew the budget for looked after children, particularly in smaller local authorities where the proportion of the budget for a small cohort of children is disproportionate to the total budget (for example, 5-10% of the total budget being spent on the placements for 2-3% of the children and young people) (Ward, Holmes and Soper, 2008; Stanford and Lennon, 2019).

In the cost pressures survey local authorities were asked to provide the proportion of their looked after children budget spent on the 10 most expensive placements. Data was provided for the past five years (2013-14 to 2017-18 by 10 local authorities). The percentages are shown in Table 2.

Table 2: Percentage of looked after children budget spent on the 10 most expensive placements

Local authority	Percentage of total looked after budget (year)				
	2013-14	2014-15	2015-16	2016-17	2017-18
A	6	8	7	7	6
B	Not known	5	4	4	4
C	9	8	13	8	16
D	6	7	9	9	11
E	15	13	12	15	13
F	Not known	Not known	Not known	Not known	Not known
G	2	2	3	3	4
H	Not known	Not known	8	9	10
I	8	9	7	8	9
J	21	17	17	18	24
K	10	8	10	11	10
L	6	7	7	5	6
M	4	5	5	5	6

As shown in Table 2 the pattern of expenditure on the 10 most expensive placements varied across the local authorities both in terms of the percentage and the trend over the

past five years. For some local authorities the percentage remained relatively static over the reported timeframe, the highest figure in the most recent year accounted for almost a quarter of the budget for all looked after children (local authority J).

Variations in overheads

The complexities associated with the calculation and apportionment of overheads have already been outlined in this report. Within the cost pressures survey local authorities were asked to provide a breakdown of the percentage overheads they attribute to different parts of their service. The range of these overheads for looked after children, safeguarding, family support services, along with the total reported overheads for all children and young people's services and youth justice is shown in Table 3.

Table 3: Overhead as a percentage of gross spend on service area (range)

Category Description	Overhead as % of gross spend on service area	
	Lowest reported %	Highest reported %
Children Looked After (s251 3.1.11)	< 0.1	16
Safeguarding Children and Young People Services (s251 3.3.4)	< 0.1	31
Family Support Services (s251 3.4.6)	< 0.1	29
Total children's and young people's services and youth justice spend	0.8	21

The data in Table 3 illustrates the range in overheads applied to different parts of the service, with the highest reported range for safeguarding services: with the lowest reported overhead being less than 1% and the highest being 31%. The responses also highlighted that there is inconsistency in the overhead applied to different parts of the service. For example, a local authority with the lowest level of overheads applied to their child protection services, did not necessarily apply low overhead rates to looked after children or family support. There was an exception for one local authority that reported consistently low overheads across all areas with figures of less than 1% provided for all services areas, and the total. It is not clear from the data, or from existing research whether differences in the allocation of overheads are as a result of real differences or as a consequence of reporting differences.

Variations in time use

The time use studies listed earlier in this report identified variations in the time spent for the different processes detailed in Table 1. The methodology starts with the identification of the activities carried out for a standard case (for example, those that are the most common place, such as local authority foster care for looked after children) and then variations in activity are identified as part of the different time use methods (such as focus groups and surveys). The overarching categorisation of variations in time use are as follows:

- children's needs and circumstances
- service being provided
- local area policies and practice

Examples of some of the detailed variations in time use for the 7 children in need and 8 looked after children processes are summarised in Appendix A. Of particular relevance to the analysis in this report is the increase in the number of adolescents being placed in care, and those deemed to be on the edge of care. There is a growing evidence base of the complexity of the needs of this population (Bowyer et al, 2018) and as detailed above, this is cited as placing an increased pressure on children's social care budgets. While the focus of this report is on children's social care, taken holistically, meeting the needs of this cohort has cost implications across a range of public sector agencies.

Unit costs calculations

To consider the cost pressures that local authorities reported and the implications for children's social care budgets, the existing bottom-up unit costs for the different processes detailed in Table 1 have been multiplied by some of the indicators from the national data for children in need and looked after children (SSDA 903 and children in need census). The unit costs are detailed in Appendix 2 and further information about the underlying calculations is detailed in Holmes and McDermid (2012) and Bowyer et al (2018). National data from all 151 local authorities was used for the past few years, up to and including the most recent year of publicly available data (1st April 2017 to 31st March 2018).

Children in need

An examination of the numbers of referrals between 2012 and 2018 indicates that there has been a steady increase nationally in referrals to children's social care from 593,470 in 2012-13 to 655,630 in 2017-18. As detailed above the research evidence indicates that higher levels of activity (and therefore costs) are attributable to a referral that results in no further action. As the numbers of referrals has increased, the number of referrals

resulting in no further action has decreased (from 85,830 to 61,690). The number of subsequent referrals within 12 months of the previous referral has remained fairly static (from 147,770 to 143,810). Although the total number of re-referrals has remained fairly static, where this number is consistently high (in comparison with other local authorities) or is increasing this has obvious implications for the local authority in terms of the expenditure on children in need. Furthermore, the trajectories once again highlight the variability between local authorities in terms of increases, decreases or relatively static numbers and proportions over the past 6 years.

Over the past 6 years there has also been a substantive increase in the number of section 47 enquiries, from 127,190 to 198,090. Utilising the lowest unit cost associated with a section 47 enquiry (not including strategy meetings or achieving best evidence interviews, because the national data does not provide this level of detail) the cost implication of this rise nationally is from £89,541,760 to £139,455,360 (nominally/un-adjusted). Alongside this increase, as referred to earlier in this report there has also been a year on year increase since 2012 in the number of child protection plans being carried out each year, rising from 52,680 to 68,770. As detailed in Holmes and McDermid (2012) the unit costs associated with supporting children with child protection plans are higher than for other children in need, not only in terms of the assessment, but also to provide ongoing support and to review the case. The nominal increase in the cost associated with higher numbers of child protection plans is from £49,308,480 to £64,368,720.

Data was made available for the 4 years from 2014 to 2018¹⁰ about the number of assessments being carried out by children's social care following a referral. The time taken to complete these assessments is higher for children who have previously been referred to children's social care. Nationally there has been a substantial increase in the number of assessments rising from 550,810 (2014-15) to 631,090 (2017-18). Utilising the unit cost of the social work activity associated with conducting single assessments (see Appendix B) the cost is estimated to have increased by £55,634,070 in 2017-18 (£437,345,370 - £381,711,330) (nominally/un-adjusted) compared to the estimated cost of conducting assessments in 2014-15 due to the increase in assessment activity in 2017-18.

It should be noted that this is just one process associated with children's social care and would need to be taken cumulatively with increases in other elements of social work activity seen in 2017-18 compared to previous year. For example, the total cost of section 47 activity has increased by £49,913,480 in 2017-18 compared to the cost in 2012-13.

¹⁰ There was a change in the assessment process in response to the recommendations from the Munro review (2011) and subsequent pilot of the new single assessment (Munro and Lushey, 2012). The data for 2014-15 is the first year of the reported number of single assessments. Years prior to this reported numbers of initial and core assessments.

This is due to the increase in section 47s in 2017-18 compared to 2012-13 and this is likely to be a conservative estimate given the lowest unit cost associated with section 47 has been utilised and it does not include the costs attributed to agencies other than children's social care, for example, the police.

Looked after children

Examination of national data about the number of looked after children for the past 7 years (up to and including 2017-18) highlights not only an increase in the total number of looked after children, but also an increase in the average duration of care episodes. As highlighted in Ward, Holmes and Soper (2008), the unit costs of placing children out of the area of the local authority are higher (as a consequence of higher levels of social worker activity to visit the child in placement). Out of authority placements have also been associated with negative outcomes and higher likelihood of risks associated with exploitation (Ward, Holmes and Soper, 2008; Rees, Luke, Sebba and McNeish, 2017). Over the 7 years up to 2017-18 there has been an increase in both the number of foster care placements out of authority from 18,040 to 21,040 and residential placements from 4,270 to 6,370 31st March 2018.

Alongside the increase in out of authority placements there has also been a year-on-year increase in the number of foster care placements provided by the independent sector. The number has increased from 14,810 on the 31st March 2012 to 18,450 on 31st March 2018. This increase in placements provided by the independent sector is also evident for residential care¹¹, with a rise from 5,180 to 7,970 over the same time period. These increases in the use of externally commissioned placements corroborate the messages from the cost pressures survey, and existing literature referred to in this report relating to concerns about placement finding being market driven, whereby demand is greater than supply, and consequently the price charged by private providers has increased.

These different factors of an increase in the number of looked after children; out of authority placements and the use of external providers, along with the data about the age at which children are being placed in care (largest growth in the 10-15 age group) as well as an increase in the length of placements all highlight the pressure on spend of looked after children. However, nationally there is not sufficient data about the needs of the children and young people, or the outcomes that are being achieved (Stanford and Lennon, 2019). As such, any debates about the use of different placements types or providers, that are based on the national datasets do not provide an indication of the quality or value of the placement, or whether it is the best possible placement to meet the needs of the child. Research by Ward and colleagues (2008) to explore the needs and

¹¹ Residential care includes secure units, children's homes, hostels, residential schools, and other residential settings.

outcomes of looked after children highlighted that young people coming into care during their adolescent years, with complex needs tended to have the costliest care pathways and the worst outcomes. The adolescent entrant cohort were also most likely to experience higher numbers of placement changes, which are detrimental to their outcomes, and also have cost implications, with the unit costs associated with each subsequent placement change becoming incrementally more expensive (ibid).

Issues and solutions

In addition to the various issues and pressures outlined above, as part of the cost pressures survey, local authorities were asked to provide information about any current or future solutions they had, or were planning to implement.

Placement commissioning and expansion of in-house placements

As detailed above the level of fees being paid for externally commissioned placements and increases in these fees were identified as major issues for the majority of the local authorities and have been highlighted in a range of other recent reports (ADCS, 2018; House of Commons, 2019; LGA, 2017; Narey and Owers, 2018).

Many of the local authorities highlighted the need for placements to be commissioned more effectively and efficiently. In addition to the development of consortia, detailed in the following section, many local authorities also highlighted the need for them to create positive working relationships with a small number of external providers, to help them to create commissioning based on mutual trust and a move away from combative and competitive ways of working.

Local authorities also placed an emphasis on the need for them to expand their in-house placements to meet the evolving needs of their population of looked after children. This included the development of a skilled pool of foster carers (either the recruitment of skilled foster carers or the creation of specialised training for existing foster carers) who can adequately meet the needs of the children and young people.

A number of local authorities also reported that they had, or were planning to open in-house residential units, a number of these as specialised provision both to support children in care and those on the edge of care. Examples were provided of the use of residential children's homes offering outreach support for adolescents and their families on the edge of care.

Within all of these responses the emphasis was placed on the fees and allowances being paid and the need for more effective commissioning strategies. An element that was missing and needs to be taken forward relates to the aforementioned need to assess quality of placements, or to link existing quality assessments as part of Ofsted

inspections with the fees being paid and the outcomes being achieved. Without an analysis of needs and circumstances, and whether placements meet needs and achieve the best possible outcomes it is not possible to make assessments of value.

Regional consortia

The establishment of regional and, or sub-regional consortia was frequently cited as a solution to address market pressures and to facilitate more effective commissioning and procurement practices. Regional consortia were also cited as leading to efficiencies in terms of quality assurance of placements and on-going placement monitoring. Local authorities also reported positive developments in terms of the development and use of online (secure) portals as a repository for information about available placements. Some local authorities also highlighted that regional or sub-regional consortia had led to the creation of forums to share good practice and solutions for helping to address the needs of children and young people, particularly those requiring specialist placements.

Despite these positive developments, and future plans, concerns were also raised about the increased demand for placements in certain areas leading to artificially high placement fees for externally commissioned placements. Some local authorities indicated that in some circumstances where large independent providers were aware that demand was greater than the supply of placements, fees were artificially increased. Similarly, local authorities also reported that agreed fees, particularly for residential care, as part of framework agreements, or consortia arrangements were indicative, and that once the needs of the young people were set out the fees would often increase, with specialist staffing or higher staffing ratios being cited as the reasons for higher fees.

By way of contrast one of the local authorities reported that they intended to move away from regional commissioning because they perceived that direct working with a small number of providers rather than via a consortia arrangement would facilitate the development of trusted, close working relationships, as per those cited above as having a positive impact on effective commissioning.

Pressures and forecasts

The findings from the cost pressures survey responses corroborate those highlighted in existing literature in terms of the ongoing concerns associated with increased demand for services (children in need, child protection and placements for looked after children) in conjunction with decreased budgets. Furthermore, local authorities identified that they expect demand to continue to increase particularly in relation to numbers of looked after children, including unaccompanied asylum-seeking children. There is also an anticipation that the number of care leavers requiring support is likely to continue to grow. Within a wider context of limited housing and difficulties associated with recent policies, such as,

universal credit, local authority children's services departments have been required to put support in place for care leavers, including ensuring sufficient personal advisor time to advise on housing and welfare payment applications. Most of the local authorities reported high caseloads for their personal advisors. Local authorities do receive additional funding to extend their personal advisor duties to age 25 (Department for Education, 2018d). However, in terms of forecasts, increases in demand are not currently factored into future allocations.

Furthermore, many of the local authorities highlighted that although they had been working towards trying to meet their savings targets these had not been met in most circumstances and this further exacerbated concerns about the longer-term implications for local authority budgets. It is pertinent to reiterate that recent analysis has indicated that in 2017-18, 91% of local authority children's services departments were overspent on their budgets. This finding was also corroborated by the cost pressures survey: all 13 local authorities reported that they were overspent on their 2017-18 budget. There was some variability in the reasons for the overspend, although all cited an unpredictable rise in the population of looked after children as the main reason for their overspend. A small number of local authorities attributed an increase in direct payments and short breaks for children with disabilities as a contributory factor associated with their overspend.

The 2018 autumn budget included an announcement of a £410m social care grant for 2019-20, with local authority discretion as to the apportionment of the grant between adult and children's social care services, dependent on their local circumstances. The percentage allocation of these funds is shown in Table 4.

Table 4: Percentage of 2019-20 social care grant allocated to children’s social care

Local authority	Percentage of social care grant allocated to children’s social care (2019-20)
A	100
B	100
C	Not provided
D	53
E	Not provided
F	100
G	50
H	100
I	20
J	50
K	0*
L	63
M	20

* In authority K, it was reported that all of the fund had been allocated to adult services, although a contribution would be made to the placements budget (for children’s social care). The proportion or actual amount was not specified.

Plans to achieve efficiencies

In recognition of the ongoing pressures and demands local authorities set out a range of plans to achieve efficiencies within the cost pressures survey. As detailed above, many of these plans included the development of in-house placements to reduce what has been considered an over-reliance on externally commissioned provision. The reported experiences and plans for 1 of the local authorities is detailed in Box 1. Some local authorities also cited that the closure of children’s centres and early help services was going to be inevitable in the near future. In contrast, some local authorities recognised the value of providing support following placement, with a number of the local authorities citing an increase in step down services and support particularly for children and young people returning home. Many of the local authorities also highlighted the importance of maintaining a focus on efficiencies rather than cuts to services, whereby efficiencies maintain the quality of services to ensure the needs of children, young people and their families are met.

Local authority case study

One of the cost pressures surveys was returned by a local authority with particularly high expenditure (in comparison with their statistical neighbours) for both social work and foster care. For both of these unit costs they reported the third highest unit cost across their grouping of 11 statistical neighbours. The reported reasons for these high unit costs related to a particularly challenging market place for the recruitment of social work staff and foster carers.

The local authority has also reported a budget overspend and has attributed this overspend to a range of demand pressures on their children's social care services. These include a growing population of care leavers, an increase in unaccompanied asylum seeking children and increasing numbers of older children (age 14+) coming into care with complex needs that require higher cost placements. The local authority also reported an increase in the demand for short break services and direct payments for children with disabilities as well as a small number of high cost placements for children with very complex needs.

For a number of years the local authority has been part of a regional collaborative arrangement for commissioning and procuring residential and foster care placements. The collaborative arrangement places a focus on standardising quality standards and costs. An emphasis has been placed on ensuring access to a pool of high quality fostering and residential provisions relevant to the needs of children accessing the care system, that offer services assessed against detailed contract service specifications and at an affordable price. The contracting arrangement also supports the development of holistic and bespoke care packages with providers.

In addition to the arrangements directly focused on the provision of placements, the local authority also reported that the regional collaboration had included training in the effective and efficient use of contract management. Furthermore, the collaboration provides forums to support and provide a platform for members to network and share best practice and discuss operational and strategic topics of relevance to their role and duties.

More recently the local authority has secured funding to develop and test sub-regional collaborative commissioning focused on residential care. The partnership aims to provide up to 35 residential placements for children and young people in care aged 11-17. More specifically, it aims to shape the market by supporting the creation of consortia within the sub-region and its children's residential placement service providers. An emphasis is placed on longer-term contracts (8 years) and the use of payments by results contract clauses.

Conclusion

The findings from this small-scale study, in particular the responses from the cost pressures survey corroborate recent reviews and studies highlighting the increased demand and budgetary pressures facing local authority children's services departments at the moment. The findings also indicate the complexities associated with understanding and categorising variations in spend and costs, although some explanations are offered. This study also highlights the need for better data, and for mechanisms to link cost data to information about activity, needs and circumstances of children and young people, service receipt and outcomes achieved. Until this progress has been made the examination of children's social care budgets will remain focused on spend and cost without sufficient consideration of the quality and value of services. To this end the value of children's social care should be considered in terms of moral and societal value as well as financial.

Recommendations

The following are a series of recommendations, at a national level, to move towards the necessary transparency and clarity to fully understand the costs of providing children's social care services, and to fully assess whether variations are as a result of providing different levels of support and services or a consequence of different approaches to calculating costs:

1. Work to update and modify the section 251 expenditure return for children's social care, including revised and clearer guidance. The aim of this work would be to introduce transparency and better comparability between local authority areas and to ensure that categorisation of spend reflects current practice. It is recognised that the necessary modifications and improvements are multi-faceted and some are more complex than others. As such, the specific recommendations related to the section 251 expenditure return are set out. The timeframes to achieve these are likely to vary, so these should be considered to be short, medium and longer term ambitions:
 - clearer guidance related to the categorisation of overheads
 - clearer guidance related to the categorisation of external grants
 - clarity in terms of the placement categorisations (for example, semi-independent placements which have been identified as being categorised either under the residential care heading or care leaver heading)
 - the development of a work plan to link section 251 expenditure data to other relevant datasets and data sources. These should include (but should not be limited to) activity data; needs and circumstances of children and young people; service receipt data
2. In addition to clearer guidance about the categorisation of overheads the reasons why different rates of overheads are applied to different parts of children's social care require examination.
3. Examination of the cost differentials between local authority and externally commissioned placements, specifically to build on the foundational analysis included in the Narey and Owers Fostering Review (2018) and existing research which highlights the need to associate placement costs with the needs and circumstances of the children being placed and the outcomes achieved (Ward, Holmes and Soper, 2008). Any examination should focus on the quality of placements and associated value of the placements.
4. The marketisation of placements for looked after children needs further exploration. As recommended by Institute of Public Care (2015) a review of the children's social care market is required to facilitate a market oversight and work

to avoid the current difficulties associated with increased prices for placements where demand is particularly high.

5. There are numerous recent and current studies that have explored different ways of measuring outcomes, and the contextual factors in which children's social care operate. A synthesis, and associated sector-led review of the most appropriate and meaningful outcomes and indicators would help to move towards consistency across local authorities and for different interventions.
6. There is a need for the introduction of mechanisms to support the compilation of good practice examples and share the learning from local authorities who have effectively retained services to meet demand.

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Appendices

Appendix A: Examples of time use variations

The following are a range of examples rather than an exhaustive list of all of the variations that have been identified and incorporated into the unit costs. A comprehensive breakdown is provided elsewhere: for children in need (Holmes and McDermid, 2012) and looked after children (Ward, Holmes and Soper, 2008).

Children in need processes

Process 1 (Initial contact and referral)

Higher level of activity (and therefore costs) for a referral that results in no further action. This additional activity is a result of the time taken to feedback to the referrer.

Process 2 (Single assessment)

High level of activity (and therefore costs) for a child previously known to children's social care (i.e. there was a previous referral). The additional time spent is as a result of reading the case history and locating previous files.

Process 3 (ongoing case support)

A range of variations of this process were identified, these include: the child's age (higher levels of activity for children under the age of 6); whether the child has a Child Protection Plan and whether the child has emotional and behavioural difficulties. Combinations of these factors have also been identified as increasing the level of activity.

Process 5 (section 47 enquiry)

The time use studies have identified variations in activity related to section 47 enquiries, on the basis of whether strategy meetings are held (not in all cases) and/or Achieving Best Evidence interviews are carried out. Practitioners reported that strategy meetings are held in approximately 25% of cases.

Process 6 (Planning and Review – CiN open case)

A distinction in activity and costs is made for this process according to whether the review included a Case Conference (i.e. for children subject of a Child Protection Plan).

Looked after children processes

Process 1 (Decide child needs to be placed and find first placement)

Substantial differences in activity if resource allocation or decision-making panels are used. Placement finding activity varies according to the type of placement, for example kinship care, foster care or a residential home. Further variations according to the placement provider.

Process 2 (Care plan)

Higher levels of activity for the initial care plan.

Process 3 (Maintaining the placement)

Higher levels of activity during the first three months of a placement and a reduction in ongoing activity for placements lasting for more than one year. Additional activity for local authority foster care placements to include both the child's social worker and the supervising social worker. Higher levels of activity to support children with supervised contact with birth family members.

Process 4 (Ceased to be looked after)

The activity is dependent on the reason the child ceases to be looked after, for example return home or adoption.

Process 5 (Find subsequent placement)

The process of finding subsequent placements becomes incrementally more time consuming and costly. Variations have also been identified according to the type of placement, the placement provider and location (in or out of the local authority area).

Appendix B: Unit costs

The time use variations detailed in Appendix A have been multiplied by unit costs per hour for a range of children’s social care personnel to calculate the unit costs for the different children’s social care processes detailed in Table 1. A range of these existing unit costs (calculated using the bottom-up methodology) are detailed in the following tables. These tables are provided for illustrative purposes. The full sets of the unit costs and variations are detailed in Ward, Holmes and Soper (2008) and Holmes and McDermid (2012).

Table 5: Children in need processes and bottom-up unit costs

Variation	Process unit cost (£)						
	CiN 1	CiN 2	CiN 3 Daily	CiN 4	CiN 5	CiN 6	CiN 7
Standard Case: CiN no additional needs	252	693	5	287	704	679	2,586
CPP					909	936	
CPP: younger than 6 years			18				
CPP: older than 6 years			17				

Table 6: Looked after children processes and bottom-up unit costs

Placement type	Process unit cost (£)							
	LAC 1	LAC 2	LAC 3	LAC 4	LAC 5	LAC 6	LAC 7	LAC 8
LA foster care in LA area	979	241	22	410	310	629	4,195	5
LA foster care out of LA area	1,278	241	29	410	610	629	4,195	5
Agency foster Placements in LA area	1,478	241	15	410	843	629	4,195	5
Agency foster Placements out of LA area	1,778	241	21	410	1,143	629	4,195	5
Parents in LA area	604	241	15	410	123	629	4,195	5
Parents out of LA area	904	241	22	410	423	629	4,195	5
Residential Placement in LA area	1,204	241	15	410	783	629	4,195	5
Residential Placement out of LA area	1,504	241	22	410	1,084	629	4,195	5

To note: the unit costs in Table 6 above do not include the placement fee or allowance.

Table 7: Looked after children: illustrative conditional unit costs

Condition	Process unit cost (£)							
	LAC 1	LAC 2	LAC 3 (daily)	LAC 4	LAC 5	LAC 6	LAC 7	LAC 8
Care order			10					
UASC		179	11		167	337		
Leaving care team transition						19		547
CWD	100	-93			1,393	167		
Difficult to place in foster care	225				225			
Difficult to place in residential unit	300				300			



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