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Children's needs, types and costs of placements and their stability: comparisons using the Cost Calculator for Children's Services

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Key words: days in placements, needs, costs

Background and introduction
The Cost Calculator for Children's Services is a computer model formulated within a research programme. The initial study, on the costs and consequences of placing children in care or accommodation, formed part of a national research initiative funded by the Department of Health (and later the Department for Education and Skills) at a time when concerns were being expressed about spiralling costs, different agencies measuring these costs in different ways and pressures on limited resources. The model has now been developed, piloted and made available as a software application for use by social care agencies wishing to gain a better understanding of costs and their relationship to outcomes when children are placed in care or accommodation. It offers a variety of reports that allow users to carry out many different analyses.

Purpose
The research programme aims to estimate costs for children’s services using a robust ‘bottom up’ approach and to assess how far cost variations are reflected in the quality of service provision experienced by children with different needs. This methodology involves separately itemising the processes and activities involved in providing services to each individual child and calculating their costs (Ward et al. 2008). The approach contrasts with the more usual ‘top down’ method, where the relevant aggregate expenditure is divided by units of activity.

The Cost Calculator uses data on children and their placements to identify each child’s characteristics and the services each receives in a particular period of time. The main data series used form part of the SSDA903 return on children looked after by local authorities (Department for Children, Schools and Families 2008). The Cost Calculator combines this information with the unit costs of the different services and the allowances or fees paid for individual placements, thus separately costing each process that every child receives. The results can be aggregated in various ways, comparing patterns of costs with children’s needs and with placement stability over time.
A demonstration version of the Cost Calculator with anonymised example data is available from the Cost Calculator web site (http://www.ccfcs.org.uk) for trial use, together with a User Guide. The implementation version allows users to import their own data into it and to customise it in other ways. Users can set calculation parameters to choose the basis on which the costs are calculated. The computations are then all performed automatically by the computer. Any of the reports can be accessed and the groups of children or placements to be included can be selected.

**Key findings**

Factors identified by the initial research study as affecting the cost of looking after children include local authority procedures and the pattern and types of placements provided. Children’s characteristics that impact on costs are: age, disability, emotional or behavioural difficulties, offending behaviour and being an unaccompanied asylum seeker. The study showed that a very small number of children with exceptionally high needs could skew the costs of the looked after population in an authority.

The *Separate Placements* report of the Cost Calculator allows users to analyse the patterns of placement costs and durations for particular groups of children. The ten children in the reports shown all have both emotional or behavioural difficulties and disabilities, as these filters have been set to ‘Yes’ in the controls above the table. The values in each row of the table are the costs of looking after the child with the ID number shown, during the year 2006-7, separately for each placement in which they were incurred. Each child’s placements during the calculation timeframe are numbered sequentially and these numbers form column headings. The first and last cost figures for each child may relate to only part of a placement, the remainder of it having occurred outside the calculation period. The last column in the table gives the total of the values in each row. It therefore shows that the estimated total costs for these children between 1/4/2006 and 31/3/2007 ranged from £34,535 to £235,251.

The Cost Calculator offers various ways of investigating the reasons for cost differences, for example, the children may not all have been looked after throughout the year. Another *Separate Placements* report can be run, requesting that it shows placement days rather than total costs. This generates the second table shown, where the values in the cells are the number of days that each child spent in their separate placements. The last column shows that two of the ten children were not looked after for the entire year; one of these, child 01280, has the lowest total costs. For children who have exited care and returned a further report is available that
provides information about the number of days for which each child was out of care between placements.

**Implications for policy and practice**

The findings demonstrate the importance of adopting a systems approach to analysing the costs of looking after children. Data that are collected on a routine basis on dates of placements, placement types and the children’s needs provide a rich fund of information on placement stability and factors that may be associated with it. The analyses available from the Cost Calculator model help local authorities to assess the relative costs of care for children with different types of needs, looked after in different kinds of placements. The Cost Calculator therefore provides a managerial tool that can assist in strategic decision making.

**Separate placements reports for children with disabilities and emotional or behavioural difficulties – total costs and placement days**

![Summary of Total Costs](image)

![Summary of Placement Days](image)
Key references
Department for Children Schools and Families, Children Looked After Documents - SSDA 903,

Cost Calculator for Children’s Services: http://www.ccfcs.org.uk.


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