

A report on the partnership between Coram and Harrow Council to increase quality and reduce cost of care in Children's Services

April, 2011

Executive summary

Coram is the UK's first children's charity and one of the UK's largest and most efficient voluntary adoption agencies¹. Working in partnership with the London Borough of Harrow, we have developed and tested a unique model that focuses on improving care management decision-making. Coram changes the way professional decisions are made, with an emphasis on placement outcomes - ensuring children are placed earlier and quicker, and in greater numbers.

The experience of the London Borough of Harrow is that the Coram model significantly increases performance against the major indicators relating to domestic adoption services, and makes substantial savings against the total care budget. The financial element of this investment case has been prepared and assured by KPMG.

The key benefits of the model to Harrow have been:

- **The process works faster.** Every single child with an adoption recommendation in 2010-11 was placed within the six months required by regulations.
- **100% success in finding adoptive parents.** Families were found for all children in the borough with a care plan for adoption, including children considered difficult to place.
- **Increase in permanent placements.** The proportion of children exiting care with adoption or Special Guardianship Orders increased substantially, from 3% in 2006/07 to 20% in 2008/09.
- **Avoided increase in care numbers.** By making the permanency planning process run at a very high level of efficiency, Harrow has avoided the recent escalation in the number of children in its care experienced by many Local Authorities despite experiencing an increase in referrals
- **Financial savings.** The London Borough of Harrow report that they are saving more than £440,000 every year.

Coram now hopes to use the experience gained in this successful partnership to work with other Local Authorities to deploy this model in the expectation of reducing cost while maintaining or increasing quality.

¹ Both for staff ratio to children's placements and family finding and low disruption rate.

Coram's experience in providing this model in partnership with Harrow Council

In 2007 Coram developed a partnership with Harrow Council's Children's Services to reduce delays for children who needed a permanent placement in the borough. Harrow commissioned Coram to provide the borough's domestic adoption service and work in partnership to improve adoption performance and care planning for children that needed adoption. See Appendix 2 for details of the model's operation.

As the first of its kind the partnership was evaluated on behalf of the then DCSF in 2009 and was considered a success, with Harrow staff thinking "the borough was doing much better", and adopters believing "the process of adopting a child has improved since the partnership began"² The key benefits for children in Harrow are:

The process works faster

Planning and decision-making for children in care happens faster, reducing significantly the time children stay waiting in the care system. The length of time children stay in care is strongly correlated with several detrimental effects. For every year of delay, the likelihood of being adopted decreases by 20 per cent³.

It can be seen that reducing the time children wait in the care system, as the Coram model can do, will have a positive effect on children in care in the Local Authority.

A more effective planning for children in Harrow's care system also meant that although Harrow experienced an increase of referrals post Baby P, the number of children in the care system has not escalated as the numbers had not been "building up" because children are exiting in a timely manner.

100% success in finding adoptive parents

The other major benefit is that children who have an adoption recommendation have been able to be placed with adoptive families. Coram is able to secure a future with adoptive parents to children that may otherwise face a future of instability thanks to its unique approach, its pool of prepared adopters (currently over 60, some of whom are able to take children considered difficult to place) and its consistently low disruption (less than 3%)

² Julie Selwyn, et al (2009) *Commissioning domestic adoption services: an evaluation of the London Borough of Harrow and Coram partnership*, University of Bristol.

³ Selwyn, J., Frazer, L. and Quinton, D. (2006) 'Paved with good intentions: The pathway to adoption and the costs of delay', *British Journal of Social Work*, 36, pp. 561–76.

Increase in adoption rates

Over the lifetime of the partnership, the number of children exiting care with Adoption or Special Guardianship Orders in the borough has increased substantially, from 3% in 2006/07 to 20% in 2008/9. This means that the number of young children staying in long-term foster care, with its concomitant costs and long-term impact on children's lives, has been reduced.

The financial case

Financially, the most compelling financial argument for the Coram approach is not the impact on the cost of managing the adoption service, but rather in the avoided costs – the fees and costs associated with foster and residential care which can be significantly reduced or avoided through successful and permanent placement compared to long term fostering and/or residential care arrangements.

A stable placement with foster carers has been estimated cost £23,470 per child per year. Costs have been shown to be higher still where instability is introduced – for example if there are multiple fostering placements and/or periods in residential care. An equivalent annual cost for such a care journey has been estimated at £56,225 per annum⁴.

The earlier permanent placement can take place, the more of these costs can be avoided – and the lower the chance that it will become impossible to achieve permanency, committing the Local Authority to these costs until they leave Local Authority care at 18.

Clearly not all children coming into local authority care are suitable for adoption, either because the care episode is temporary or because of the age of the child. But for those children for whom adoption is an option, the Coram approach can make substantial savings.

Conclusion

With pressures on the public purse increasing, the Coram model has been shown to both reduce costs and increase quality in one Local Authority area. Coram has the resources to undertake a very limited number of additional partnerships with the expectation of achieving similar benefits for children and local authority budgets. We would welcome the chance to discuss this possibility in more detail and explore how it could work in practice.

For more information please contact Renuka Jeyarajah-Dent, Director of Operations, Coram. Tel. 020 7520 0328. Email Renuka@coram.org.uk

⁴ *Hannon, C, Wood, C, Bazalgette, L, ,In Loco Parentis (2010), Demos*

Appendix 1: Financial benefits of the Harrow Model

January 2011

Introduction

This appendix sets out the financial case for the Coram approach to placing children – and demonstrates the specific financial benefits that local authorities should be able to realise by using Coram as its preferred provider of adoption services.

This section has been prepared in consultation with KPMG – a leading provider of advisory and assurance services to local authorities.⁵

The Current Position

There is much debate amongst academics and professional practitioners about the costs of care journeys for children in care. There is huge variation in costs between authorities and widely differing experiences of children resulting in very different cost consequences.⁶

The core facts are however fairly clear:

- The costs of placing and keeping children in care is very high - and represents an on-going financial commitment for local authorities for many years;
- This cost rises the more instability there is in a child's care journey;
- Children placed early and quickly into permanent adoptive relationships cost the least – and represent the lowest on-going financial commitment.

For many children – particularly those placed into care at a very early age – the Coram approach is a highly effective way of maximising the number of permanent placements and thereby reducing or even avoiding the very high care costs incurred by local authorities.

In presenting the financial case for the Coram case we consider two elements of cost – the management and process costs of administering the service and the care costs associated with fostering and residential care.

This financial case is based on nationally recognised academic research and on the direct experience of Coram working in partnership with Harrow Council for the last four years (2006-2010).

⁵ *This paper has been prepared by employees of KPMG as part of its Corporate Social Responsibility (CSR) programme. The views contained within it are not necessarily those of KPMG LLP. The paper is based on information provided by Harrow LBC, Coram and contained in referenced published sources. It is provided for the sole benefit of Coram and for the purpose of preparing a prospectus setting out the benefits of the Coram approach to adoption services.*

⁶ *See in particular Ward et al "Costs and Consequences of Placing Children in Care" (2008).*

Management and process costs

Management and process costs cover the input of social workers, legal departments and courts, administrative staff and decision makers in the process of deciding to bring children into care, placing them, maintaining the placement, periodic review and transitioning out of the care system.

These cost elements are incurred irrespective of the care journey of the child – although the greater the degree of instability the higher the cost due to more frequent local authority interventions.

In a recent study of the Harrow Partnership⁷ there is some evidence that over the two year period covered by the study (2006-08) there was a downward trend in the cost of the adoption service.

This indicates that by introducing Coram's capacity to ensure earlier and quicker placement means that downstream costs of intervention, re-placement and review can be reduced if more children are placed in permanent adoptive relationships.

Care costs – fostering fees and residential care costs

The most compelling financial argument for the Coram approach is not the impact on the cost of managing the adoption service, but rather in the fees and costs associated with foster and residential care.

These costs – which are the highest proportion of care costs – can be significantly reduced or avoided through successful and permanent placement.

By reduced or avoided cost we mean the cost that would have been incurred by the local authority if children in its care are not permanently placed for adoption - but rather experience long term fostering and/or residential care arrangements. These costs can be measured in annualised terms (e.g. cost per annum of a residential place, annual fostering fees) or in lifecycle costs (e.g. the cost of keeping a child in care potentially throughout his or her childhood).

Assuming a stable placement with foster carers the annual cost has been estimated to be £23,470⁸ per child and this gives a full cost commitment of over £350,000 assuming a child enters care at age 3 years and leaves local authority care at 18.⁹

The cost implication is even greater on a per annum and overall basis if instability is

⁷ Selwyn, J and Wijedasa, D "An Evaluation of a new model of providing Adoption Services" (University of Bristol 2008)

⁸ Hannon, C, Wood, C, Bazalgette, L, *In Loco Parentis* (2010), Demos

⁹ The figures are quoted in Hannon et al "In Loco Parentis" (Demos 2010) and based on the costing methodology set out in Ward et al "Costs and Consequences of Placing Children in Care" (2008).

introduced during a child's period in care – for example if there are multiple fostering placements and/or periods in residential care. An equivalent annual cost for such a care journey has been estimated at £56,225 per annum¹⁰.

Clearly not all children coming into local authority care are suitable for adoption either because the care episode is a temporary one or because of the age of the child.

However for a sub-set of generally younger children for whom adoption is an option the Coram approach can and does lead to much reduced care costs in these cases. This is because the approach is predicated on securing earlier adoption thus avoiding the care costs associated with short term fostering or residential solutions. It is also because the Coram approach is about securing earlier permanence thus reducing the additional costs associated with unstable care journeys.

Estimating what proportion of children could be placed earlier (either directly for adoption or into a fostering/prospective adoption relationship) is difficult and will depend on the population make-up (and critically age) of children coming into care. Equally it is difficult to estimate the cost savings from earlier adoption as this varies on a case by case basis – but could be as high as £20 - 25,000 per annum saved for each child placed in a permanent adoptive relationship with no on-going costs or allowances.

The savings profile for each local authority will be different – not least because there is huge variation in care unit costs across the country.

Between April 2006 and June 2010 – the first four years of the Coram Partnership - 38 children in Harrow were subject to an adoption order. Using these real life cases, the Council has calculated the estimated costs for these children under the Coram Partnership and what it would have paid under an in-house fostering cost.

The analysis shows that for the majority of these adopted children (60%) in the financial year 2010-11, the estimated care costs will be zero – and for the 40% of the children for whom continuing costs were incurred, total carer fees and allowances will be £163,000 – ranging from £2,500 to £15,000 per child (average £10,125 per child in the 40% of cases where some costs are still payable). This compares to Harrow's own estimate of in-house fostering costs of £15,600 per child per annum – or a total estimated cost of nearly £600,000 had these 38 children remained in local authority foster care. Harrow therefore report a saving of £440,000 for 2010-11 alone.

Harrow has extrapolated this cost saving based on a care journey until age 18. Under the Coram Partnership the whole care journey cost for these adopted children is £1.86m – although as noted above 60% of these children will incur zero cost to the local authority once they have been adopted.

¹⁰ Hannon, C, Wood, C, Bazalgette, L, *In Loco Parentis* (2010), Demos

The equivalent in-house fostering care journey would have been £9m for this same group of children – a saving to Harrow of £7.14m over life of the care journeys of just 38 children. As the Director for Safeguarding, Family Placement & Support at Harrow has commented:

“I am delighted with our partnership with Coram not least because it has resulted in more and earlier permanent adoptive relationships with all the resulting benefits for the children – and the reduced care costs for the Authority.”

Conclusion

This appendix has demonstrated the clear and compelling financial case for the Coram approach. It has shown that:

- It involves no additional administrative costs to the Authority compared to traditional arrangements – and may even provide some savings;
- That the on-going cost of a care journey for children and young people in care is very high – and this is substantiated by detailed academic research;
- The Coram approach – by placing children in permanent adoptive relationships earlier and quicker results in substantial costs savings to local authorities in the form of reduced fostering and residential care costs; and
- This significant financial benefit is confirmed based on real life experience at Harrow.

The benefits of the Coram approach may vary depending on the different challenges different Local Authorities face. However, the practical experience at Harrow can help local authorities to assess the impact of a Coram approach on their own cost commitments.

Appendix 2: How the model works

The model we have developed in partnership with Harrow works in the following way:

- Coram engages in an early involvement in care planning alongside the Local Authority's adoption team.
- Coram actively engages in the care planning process by chairing Permanency Planning Meetings (PPMs) for children where adoption is likely to be the care plan. (At Harrow this starts after the second LAC review). Coram's adoption manager works collaboratively with the relevant managers to ensure that actions agreed are carried out.
- Coram also attends Permanency Tracking Panel meetings, and Coram's manager attends legal planning meetings to provide advice during early planning for children.
- Coram's in-house team assume responsibility for recruiting and approving suitable families, placing and supporting children in adoptive families, and assessing foster carers and relatives who want to adopt at an agreed fee. By being involved in the PPMs, Coram can impact the speed and quality of the match by having more information at an earlier stage to find suitable families.
- Coram provides ongoing advice and consultation to children's social workers, e.g. on preparing Panel reports, court reports and life story material.