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# Transforming Outcomes for Children and Young People in Care

Business Case: Investing in in-house  
foster carers and reducing overall  
numbers of children and young  
people in care



Lou Williams  
VERSION 1.1

# Business Case: Transforming Outcomes for Children in Care in Cambridgeshire

## 1. Executive Summary

This paper discusses in detail the investment necessary to ensure we are delivering the best possible outcomes for children in care at affordable cost. Costs for children in care are associated with three main factors:

- The overall number of children in care;
- The placement mix and in particular the proportion of children and young people placed with in-house foster carers;
- Ensuring that externally provided placements [including IFA foster placements, residential placements and semi-independent placements] are purchased at the best available unit cost.

This paper focuses on the first two of these elements; we need to ensure that we are only looking after those children who really need to be in care. Once in care, we need to ensure that children progress through the care system without delay as this not only improves outcomes but reduces the overall numbers in care. We also need to ensure that we place as many of our children in local in-house foster placements as possible, again improving outcomes and reducing disruption while delivering the best value for money.

Colleagues in Commissioning are working separately on ensuring that when we do need to place a child or young person with external providers, we obtain the best possible value for money.

The tables below summarises the main areas for investment including a brief summary of the rationale and expected financial savings that would result; they indicate where in this report the detail behind this summary information can be located.

Investment Proposal 1: Diagnostic Assessment to understand and improve journeys of children and young people through the care system	
Indicative Cost	£50-£75K
Rationale: Numbers of children in care in Cambridgeshire are now significantly above the average of our statistical neighbours. This does not appear to be the result of too many children coming into care, so is most likely to be a function of delays in care planning once they are in care.	See section 4 on page 6 for details
Annual full year Savings by 2019/20 compared with current costs	£3M
Rationale for savings: There would be 90 fewer children and young people in care if our numbers return to the statistical neighbour average. At the average cost of an IFA foster placement this represents a full year saving of £3.7M against current costs. Savings would build gradually over the financial years 2018/19 and 2019/20. Not all care exits have zero costs, however, and so it is prudent to allow a significant sum for payment of Special Guardianship Order allowances and similar.	See section 4.2 on page 8 for details

Investment Proposal 2: Increasing focus on recruitment of in-house foster carers and changing the placement mix	
Annual Investment needed	£480K increased capacity + £150K - £225K focused marketing strategy over 3 years
Cambridgeshire has a much higher proportion of children placed with IFA carers than might be expected. Recruiting a higher number of in house foster carers would have a significant impact on reducing overall spend. In-house carers are also more likely to be local and we know our carers well, meaning that matching arrangements are more effective.	See section 5 on page 10 for details
Annual net savings by 2019/20 compared with current costs	£2M less on-going investment costs
Agency placements cost at least £800 per week; allowances and expenses to in-house placements average no more than £400 per week. Replacing an IFA placement with an in-house placement therefore saves £400 per week per child. There are some on-going costs, but savings above are net of these.	See section 5.2 on page 15 for details

### Summary of Investment and Action Required

The upfront investment to run a diagnostic assessment of the journeys of children in care is urgent. OfSTED will be inspecting children's services within the first few months of 2018 and early permanence for children in care is a key focus under the new inspection framework. We cannot afford to be behind the curve in this area. This may mean finding a route through procurement rules so that we can initiate the work from mid-December 2017 for completion by end Feb/early March 2018.

One off Investment required diagnostic – up to:	£75,000
One off Investment to support capacity in fostering 2018/19 is based on the following:	
Up-front marketing investment through 3 years tender; up to:	£225,000
Additional capacity – marketing officers:	£80,000
Staffing capacity – recruitment, support and business support:	£210,000
Marketing – direct campaign costs	£20,000
Other recruitment incentives including introduction fees and golden hellos:	£70,000
Additional funds to improve support for foster carers:	£100,000
<b>Total:</b>	<b>£705,000</b>

## 2. Introduction

Cambridgeshire is facing significant financial challenges as a result of a care population that has risen significantly since 2015, combined with an increase in the unit costs of placements for children in care because the recruitment of in-house foster carers has not kept up with this rapid increase.

This paper is focused primarily on addressing the financial challenges over a two to three year period. It must be emphasised, however, that getting things right for children is generally also the cheapest in financial terms to the local authority. Children do best when cared for sufficiently well within their own families. The great majority of children grow up in this way, supported by universal services such as schools and universal health care.

All families encounter difficulties from time to time and most manage these using their own resources or those of extended family or friends.

A relatively small number of families may need the focused support of early help services, and a smaller number still may require support from specialist children's services. The children's change programme has delivered important change in this area by bringing early help and specialist services more closely together.

Even when children need to become looked after, the options that are least costly are also the ones that are likely to deliver best outcomes for the child. These include:

- A short period in care with an in-house foster carer followed by a well-managed permanent return home;
- A short period in care followed by adoption or other permanency arrangement such as a Special Guardianship Order;
- Longer term foster care with an in-house foster carer.

Children also generally do well when placed with agency foster carers over a short or longer period. Nevertheless these placements may be less effective than in-house ones, because:

- We know our carers well and so we can match children with them more effectively, making unplanned endings less likely;
- Our carers are more likely to be located within the County, closer to family, friends, schools and so on as well as to other sources of support including social workers. These factors lead to less disruption to the child and are associated with a greater likelihood of success.

In-house placements are also significantly less expensive than agency placements. An average in-house placement is likely to cost no more than £400 per week in fees and allowances, compared with an average agency placement cost of around £850 per week and often more.

The most expensive placements are residential; some specialist placements will always be needed – for example for children who have complex disabilities. For other children and young people, however, residential care is associated with some of the poorest longer term outcomes. Costs at typically £4,000 - £6,000 per week, are also extremely high.

Controlling and reducing the cost of looking after children in care also helps to avoid the need for reductions in expenditure elsewhere. This is important; many children and young people are able to benefit from an investment of £200,000 in focused family support – the annual cost of a residential placement for one child in care.

This paper focuses on two clear priorities for Cambridgeshire:

- Reducing the overall numbers of children and young people in care;
- Recruiting more in-house foster carers able to provide placements for older children and teenagers as well as younger children.

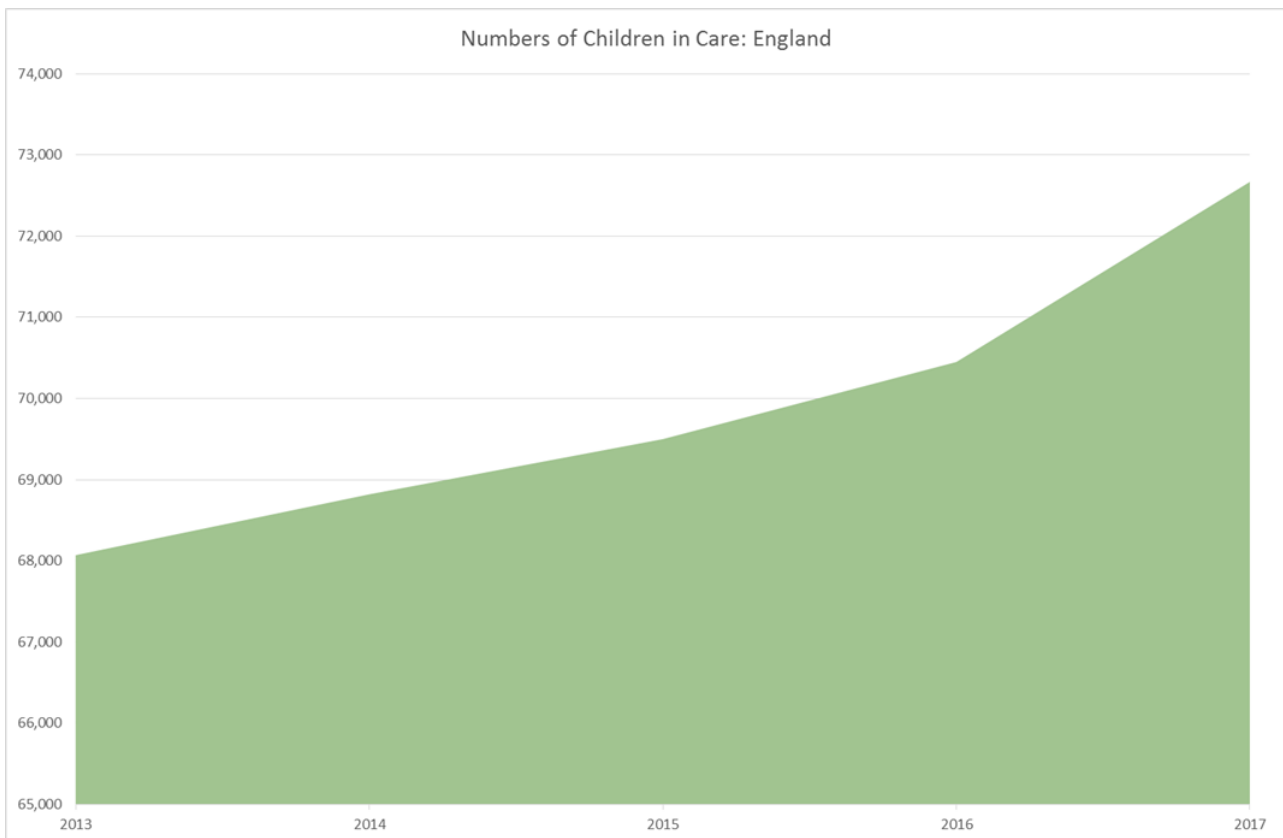
These priorities are interlinked and need to be considered together in addressing the financial challenges facing the Council as well as in delivering the best outcomes for children.

In parallel work, the Commissioning Service is focusing on reducing the unit cost of externally purchased placements including foster placements from the IFA sector, residential and semi-independent placements.

### 3. Reducing numbers of children in care: National & Local context

Numbers of children in care have been increasing nationally over recent years, with a particular increase in the last financial year.

**Chart 1: Numbers of children in care in England 2013-17**

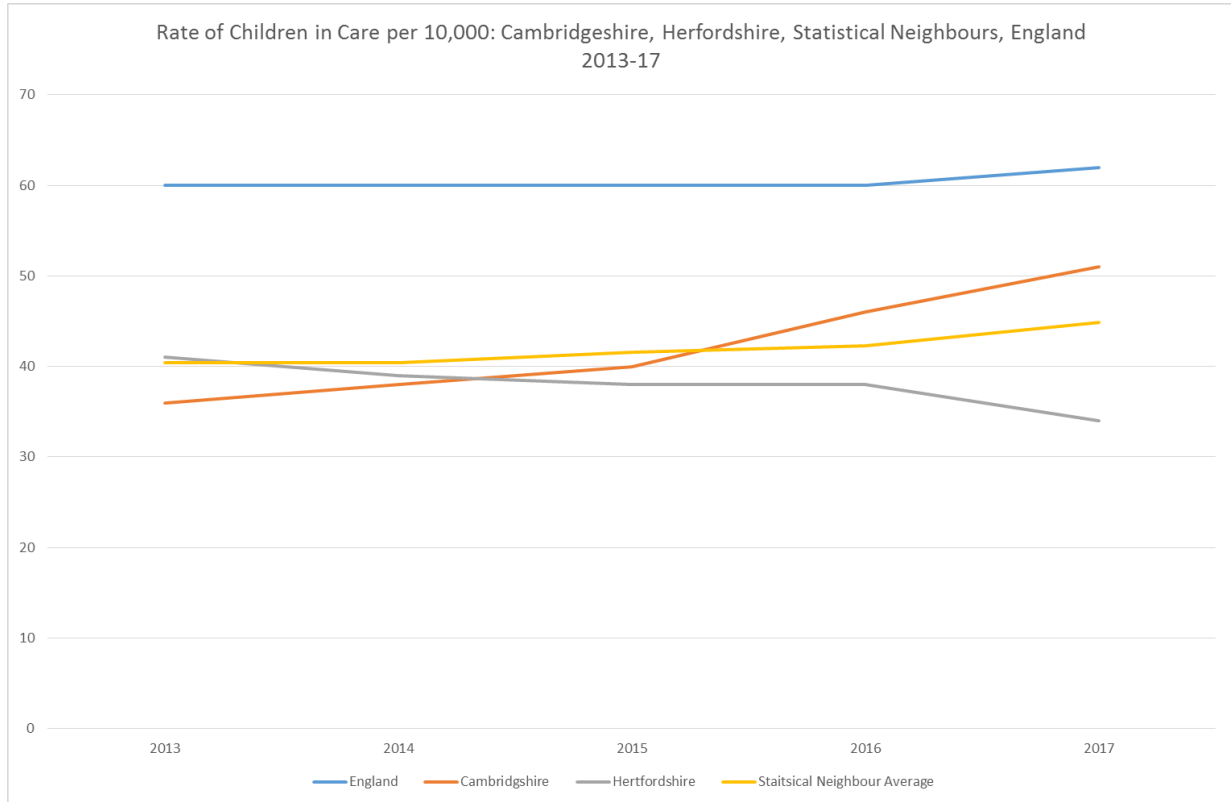


Although at least some of this trend for increasing numbers in care is likely to be associated with a growing population of children, this trend illustrates the scale of the challenge associated with reducing overall numbers of children in care.

When comparing the numbers of children in care in Cambridgeshire with similar areas, it is more helpful to consider the rate of children in care per 10,000 of the child population. Doing this illustrates how the picture in Cambridgeshire has been changing relative to the basket of similar authorities that form our statistical neighbour group. Hertfordshire is a statistically similar authority

to Cambridgeshire and is included because in contrast with the position of other similar authorities, numbers of children in care have reduced.

**Chart 2: Rate of children in care; England, Cambridgeshire, Statistical Neighbour Average and Hertfordshire**



This chart describes the rate per 10,000 at the end of the 2016/17 financial year; Cambridgeshire reported looking after 690 children at this time, and so the rate per 10,000 will not have changed significantly as of October 2017.

It is possible to have too few children and young people in care; where thresholds into the care system are too high, children can be left in risky situations for too long. This can mean that when they do become looked after, they are older and may have suffered more harm. This in turn makes some of the most beneficial [and lowest cost] outcomes identified above – adoption and Special Guardianship Orders for example – less likely. These children are more likely to be in long term foster placements or escalate into higher cost residential placements, where long term outcomes are also likely to be poorer.

Some of the increase in children in care numbers in Cambridgeshire may be the consequence of the years during which numbers in the care system were very low, but this factor alone is unlikely to explain the continued increase.

There are a number of activities and business cases in place that are predicated on managing demand and these need to remain in place; but before adding more, we need to be clear about the impact of any underlying issues that are fundamental to the continuing growth in numbers.

## 4. Investment Proposal 1: Understanding the underlying causes of higher numbers of children in care in Cambridgeshire

In order to reduce overall numbers of children in care, we need to understand the factors that are contributing to the higher numbers. The overall number of children in care are based on the interplay between the numbers who come into the care system and the length of time they remain in care before they move on to other permanent arrangements – essentially leaving care to return home, to be cared for under a Special Guardianship Order, be adopted, or reach the age of 18.

Looking at threshold decisions in Cambridgeshire, it appears unlikely that it is the case that the wrong children are coming into the care system; we are not looking after children who do not need to come into care. This means that the growing numbers are likely to be the result of children spending more time in care than is optimal – from a financial perspective as well as for the children concerned.

It is important that we quickly understand the reasons why the care population is higher than it should be and so we need to commission an expert outside view of the experience of children in care in Cambridgeshire. We need to properly diagnose why children are spending longer in care and identify any other factors may be at play behind the increased numbers in the care system.

Undertaking this detailed level of work is likely to cost in the region of £50,000 - £75,000. Depending on the findings, there may be further costs associated with adopting different approaches to social work for children in care.

It is possible, subject to achieving agreement to this proposal quickly, that the diagnostic work could be completed by March 2018, with any recommendations for changes in delivery being completed within the financial year 2018/19.

There is an added urgency to this; our annual conversation with OfSTED is taking place in mid-January 2018. Children's services in Cambridgeshire have not been inspected since 2014. It is therefore likely that an inspection under the new inspection framework will take place any time from around March 2018.

OfSTED will have seen the same data that is being presenting here. OfSTED will have a number of hypotheses for explaining the increase in numbers in care, including:

- That threshold decisions into the care system in Cambridgeshire are poor, meaning that children are coming into care when this is not necessary;
- That early help services are not good enough and so are not helping families to address support needs quickly and effectively;
- That children are not progressing through to permanence sufficiently quickly.

It is important that we understand the underlying causation before any inspection. The journey of children through care to permanence is a current focus for OfSTED, making it of particular urgency that we understand whether this is the underlying reason behind increased numbers of children and young people in care.

Commissioning an external diagnostic assessment of the reasons behind our increased numbers of children in care will result in an ability to develop a clear action to reduce numbers of children in care safely to the average of our statistical neighbours, as described in the next section.

#### 4.1 Returning to a position in line with our statistical neighbours

This section explores a number of trajectories for numbers of children in care. It assumes that we will be in a position to begin benefiting from any changes we need to make following the outcome of the diagnostic check from June/July 2018.

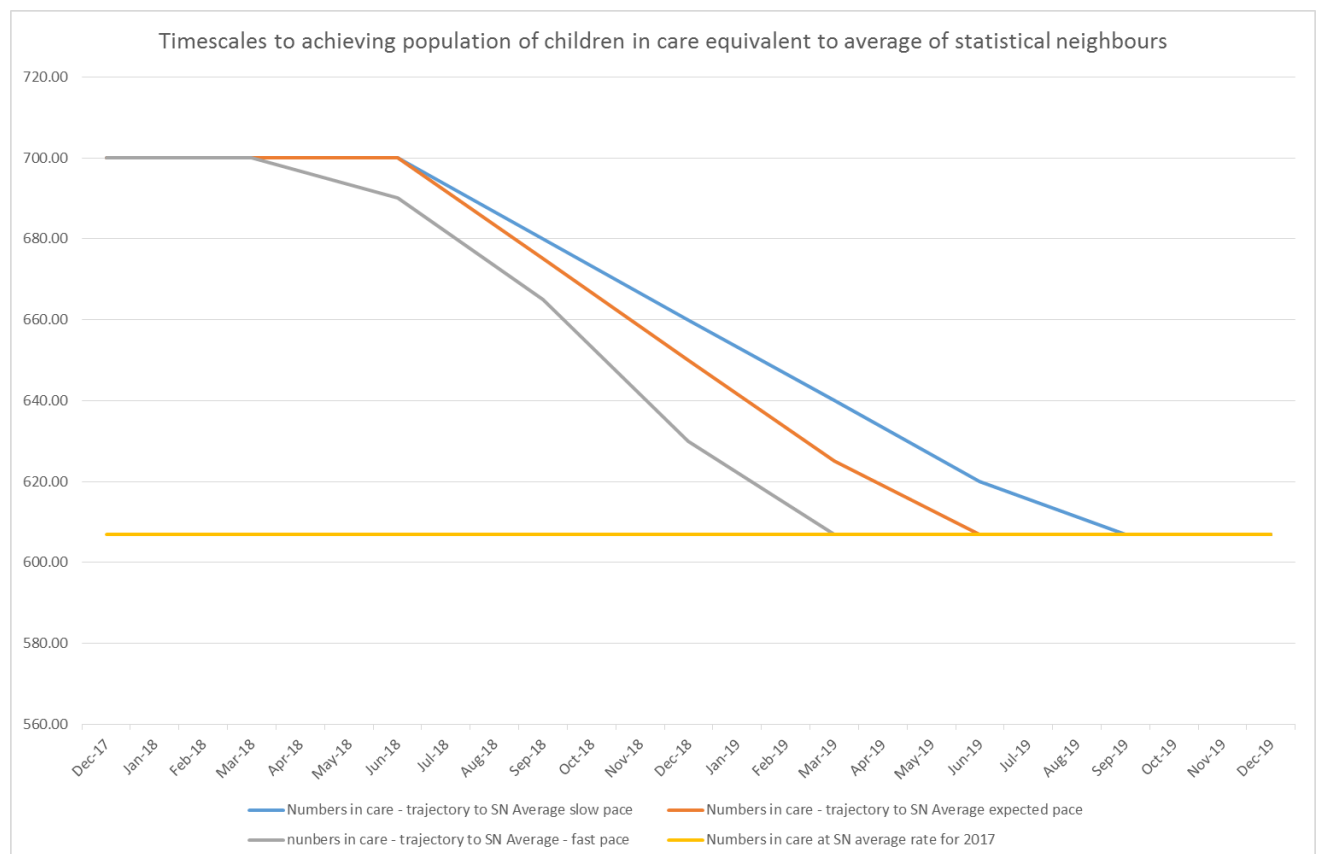
The point here is to set targets that are attainable, while bearing in mind that there is a likely pressure on children in care numbers from population increase that would be expected to add around 25 children per annum onto overall numbers.

In the tables and charts below, it is assumed that this additional demographic demand until 2020 will be managed through the more effective targeting of our prevention and early help services, the development of initiatives such as No Wrong Door and similar, following the children's change programme. Frankly, if this is not the case then there are questions to be asked about the long term sustainability of these approaches.

It is assumed that numbers in care do not increase from current levels between now and the end of the current financial year; there are risks to this assumption although broadly speaking, numbers have remained relatively constant at around 690-700 since the beginning of the current financial year.

The following chart identifies targets for reducing the numbers of children in care to the equivalent of the average of our statistical neighbours as of the end of 2017, which is illustrated by the horizontal yellow line.

**Chart 2: Trajectory and timeline to achieving a number of children in care equivalent to the average of our Statistical Neighbours**





The three lines indicate likely timescales assuming a relatively slow level of progress, an expected level of progress and faster rate of progress. The hypothesis is that ensuring that our systems are operating well should result in a reduction to the number of children and young people in care to the average of our statistical neighbours by June/July 2019.

#### 4.2 Return on Investment

Reducing overall numbers of children in care delivers the fastest return on investment since savings are to a lesser extent offset by placement costs elsewhere. Not all exits from care have a zero cost, however; Special Guardianship Orders usually attract an allowance, for example, and while this is considerably less than the cost of looking after a child, illustrate how costs do not reduce to zero for all children leaving the care system.

In these calculations the assumption is that reductions in overall numbers of children in care will be equated with a saving based on average unit cost of an IFA fostering placement. This is likely to underestimate potential savings given the higher cost of residential placements. It assumes that in-house foster placements will continue to be used at the same volume as at present, and that IFA placement costs are on average £800 per week per child.

The following calculations are based on the expected rate of reduction – the orange line - in Chart 2 above.

##### 2018/19

It is not expected that changes following the diagnostic review will begin to yield reductions in overall numbers in care until September 2018, with a reduction to 675 from that date and a further reduction to 650 from December 2018.

This means a saving against current expenditure of 25 IFA placements for 6 months and a further saving of 25 IFA placements for three months from December 2018. At an average cost of £800 per week, cumulative savings in 2018/19 would be £780,000.

Offsetting this saving, it would be prudent to allow for £250,000 in increased costs arising from increased Special Guardianship Order allowances and similar.

Net savings in 2018/19 could therefore be expected to be in the region of £530,000.

##### 2019/20

Between December 2018 and March 2019, it is expected that numbers in care should reduce by a further 25. This would mean that, compared with current expenditure, there would be a full year impact of the 75 fewer IFA placements achieved in 2018/19 of £3.1M in 2019/20.

In addition, it would be expected a further reduction of 17 IFA placements would be achieved by June 2017, adding a further saving of £530,000.

Offsetting this, it would be prudent to allow for a full year impact of higher numbers of Special Guardianship Orders a figure of £600,000, making total net savings of £3M per annum.

##### 2020 and beyond

No additional savings would be made as result of reducing numbers in care to the average of our statistical neighbours. There would be an on-going reduction in placement costs compared with the current financial year of around £3M per annum.

This amount would be unchanged regardless of the pace of reduction of overall numbers of children in care. Potential savings in earlier years may be higher or lower depending on the trajectory followed.

There is a likelihood that demographic pressures would begin to re-emerge regardless of demand management strategies at this point, however. The key to managing costs within this context is to ensure that there is a continuing recruitment campaign for foster carers so that any additional costs are maintained at a minimal amount.

## 5. Investment Proposal 2: Increase recruitment of in-house foster carers and reduce reliance on agency carers

Overall numbers of children in care are a major factor in increased pressures on budgets within the Cambridgeshire, as discussed above. The other significant factor is placement mix; fostering recruitment has not kept pace with the rapid increase in overall numbers of children in care in Cambridgeshire over the last two years. This is not altogether surprising given the lead in time for recruiting, assessing and training foster carers.

Nationally, around 62% of children in care are placed with general foster carers, 12% are placed with relatives or friends who are acting as foster carers, with 11% placed in some form of residential placement, 3% placed for adoption, 6% in semi-independent accommodation and around 3% placed with parents and a further 2% placed in 'other community settings'. Of this provision, around 35% is provided by private sector providers.

Cambridgeshire's performance in terms of numbers of children placed with foster carers is very close to national averages. As of the end of October, 441 Cambridgeshire children and young people were being fostered by general foster carers – local authority and IFA carers – the number that would be in these placements were Cambridgeshire's performance precisely in line with the national average would be around 435.

Where performance varies considerably from the national picture is the mix of placements between in-house and IFA carers. The position in Cambridgeshire as of the end of October is that around 61% of children placed in foster care are placed with IFA carers, compared with a more typical national average of 30%-40%. This difference is contributing to significant financial pressures within children in care budgets.

It is almost always the case that a proportion of children will be placed with IFA carers, although the actual use of this type of provision varies across the country. IFA carers, partly because of lower occupancy rates, are often better placed to offer placements to larger sibling groups than in-house carers. Traditionally, again partly because of lower occupancy rates, IFA carers have tended to accept children who are older and/or who may have experienced a higher number of previous placement disruptions.

In Cambridgeshire, we should set a stretch target and aim for 70% of all children placed with general foster carers to be placed with our own carers. At the current 700 children and young people in care, this would mean we should have around 300 children placed with our own foster carers, compared with the position at the end of October, where 198 children were placed with our own foster carers.

On average, fostering households offer 1.8 placements. This would imply that at current numbers of children in care, looking after 300 children would require around 170 households at 100% occupancy. Of course, 100% occupancy is never achieved – 75% is a more realistic level. At a 75%

occupancy level there would be a need for around 210 fostering households; as of the end of October 2017, there were 121 fostering households.

On looked after numbers as of the end of October 2017, this would imply that a need for an additional 90 fostering households. Actual recruitment would need to be higher, since a number of carers will leave fostering in any one year. Indeed typically around 15 households have left fostering in Cambridgeshire each year. Recruitment in 2017-18 is on-track to recruit an additional 35 households in the current financial year – much better than in recent years as is shown in the table below:

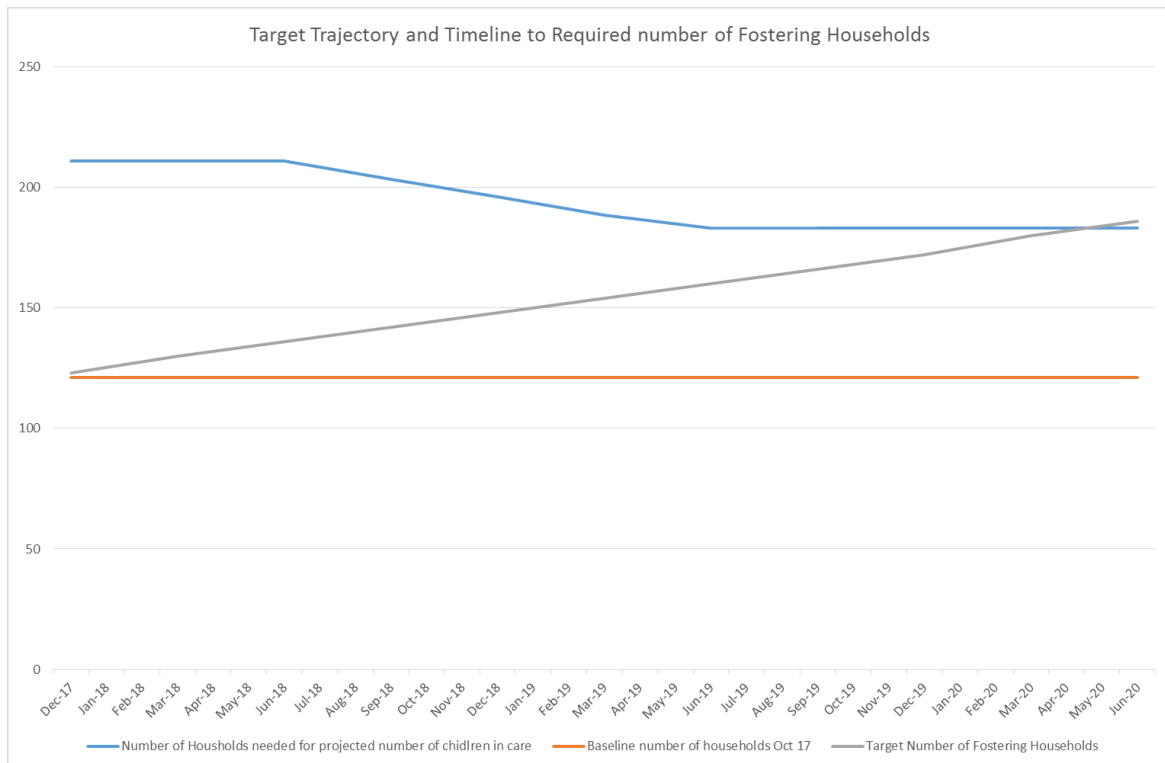
	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>New Approvals</b>	<b>11</b>	<b>32</b>	<b>29</b>	<b>28</b>
<b>Resignations/Deregistration</b>	<b>26</b>	<b>14</b>	<b>15</b>	<b>22</b>
<b>Net Change</b>	<b>-15</b>	<b>18</b>	<b>14</b>	<b>6</b>

There are always going to be a number of households leaving fostering in any one year. Aside from any other factors, foster carers are typically from an older demographic and so a number will retire each year. In Cambridgeshire, 30% of fostering households are aged over 50, for example.

Offsetting this requirement for an increased number of fostering households is the impact of the planned reduction of numbers of children and young people in care. Reducing numbers in care to the average of our statistical neighbours would reduce the gap in the number of households needed to around 62. Achieving this number of additional households at the rate of net recruitment in the current financial year would take three years, or four years if the annual net recruitment were to fall back to 15 households per year as was the case on 2014-16.

This is not all about simple numbers of households, however. Carers recruited must increasingly be those who are able and willing to provide care to older children or young people; these are traditionally more difficult carers to recruit and require higher levels of support compared with carers for younger children.

The chart below illustrates a trajectory to achieving the number of fostering households needed for Cambridgeshire to be confident that it can place children in a mix of placements that is more in line with the national average placement mix. This trajectory is based on a stretch target of the service attracting 40 new households per year, but allowing for a continuing exit of fostering households of around 16 per annum:



At this rate of recruitment, and assuming that overall numbers in care reduce towards the statistical neighbour average as planned, the placement mix in Cambridgeshire in terms of fostering would be just slightly better than the national average by March 2020.

This is a stretching target, especially given the focus of recruitment that would be required that attracts carers willing and able to meet the needs of older children and young people.

### 5.1 Investing to secure recruitment

Considerable activity in recruitment of fostering is already taking place within the service and this is contributing to an increased number of approvals as noted above. However, providing some additional investment in order to step up recruitment will deliver longer term savings while improving outcomes for children in care.

The way that foster carers are recruited has changed markedly over recent years and all recruitment activity takes place in a very competitive market. Independent Fostering Agencies are much more likely to use targeted social media and other campaigns to target households in a local area that they know are more likely to fit the demographic profile from which fostering households are mostly recruited.

Marketing strategies need to incorporate the following activities:

- Devising strategies to drive online traffic to the fostering website;
- Tracking conversion rates and making improvements to the website;
- Developing and managing digital marketing campaigns that are able to promote the benefits of providing care for older children and young people;
- Utilising a range of techniques including paid search, SEO and PPC.
- Managing online brand and product campaigns to raise brand awareness.
- Review new technologies and keep the service at the forefront of developments in digital marketing.

Investment in creative marketing is critical here. While much traffic is generated through social media and this has an increased importance compared with more traditional advertising, the best outcomes are likely to result from blended approaches. We will therefore seek tenders for the development of creative marketing strategies that include:

- The development of high quality thematic video stories that can be used on-line and also for more traditional static displays;
- Use of print and other media that can also drive interest towards thematic content as above;
- Developing partnerships with local media to promote fostering through use of placed human interest stories and similar;
- Involving prominent local individuals in bespoke campaigns.

Once hooked as a result of targeted marketing activities, potential carers need to be directed towards dedicated fostering micro-sites that include a good degree of information about fostering presented in an accessible and attractive format. A Cambridgeshire micro-site needs to set out the benefits of fostering for the local authority, including:

*More placements, more often* - The ability to offer continuity of placements is key in converting enquiries, particularly among carers who are highly skilled and may consider making professional sacrifices in order to pursue fostering. Whilst placements cannot be guaranteed, we should provide clear, statistical evidence about higher occupancy levels among in-house carers compared with IFA carers.

*Personal, professional and financial support* - We have a strong package available to new foster carers who may have reservations about the levels of support available when fostering for a local authority as opposed to IFA. Carers are supported personally, through our buddy system, coffee mornings, support groups and social events; critically they join a community of local foster carers all fostering for a single authority. Professionally, via a comprehensive training and development programme and financially with competitive allowances, welcome payments and set-up grants.

*Better matching and sustainable placements* - As a local authority, we are in the unique position of having in-depth knowledge of both the foster carer considered for a placement, and the child we are aiming to match with them. This gives Cambridgeshire foster carers greater peace of mind, and a degree of assurance that placements are carefully considered and evidence based in order to minimise the risk of placement breakdowns.

*Greater cohesion/accessibility of professionals* - As above, we are in the advantageous position whereby all professionals working with the fostering family are employees of Cambridgeshire County Council as opposed to a series of third party organisations. This allows for better communication and greater accessibility for foster carers and the ability to talk to who they need to, when they need to, including the most senior managers and Members.

*Less travel and disruption to daily routines* - Because we are recruiting foster carers in the local area to care for Cambridgeshire children, this will often mean less time spent transporting children to school, appointments, meetings etc. – with agencies covering wider areas, this is a significant benefit as we strive to ensure households are able to foster with minimal impact on their existing standard of living.

*We operate on a not for profit basis* - This may appeal to foster carers who, by their nature are often motivated by a desire to 'do the right thing' – simply put, most have not decided to consider

fostering because they want to contribute to the profits of multi-national private equity companies, but because they want to support good outcomes for vulnerable children.

Estimated investment required to develop a more focused and seamless marketing strategy:

Resource	Cost
Recurrent recruitment/marketing materials - cost for each of 3 years	£75,000
2 x marketing officers – recurring cost	£80,000 pa
Direct marketing costs	£20,000 pa

The marketing officers would also be responsible for redeveloping and managing updates to a new fostering micro site.

Once potential carers attracted by our improved targeted marketing and website decide to make further enquiries, it is vital that they are visited without delay for an initial discussion. Equally it is very important that there is no delay in them accessing training and assessment. Carers who have become excited about the prospect of becoming foster carers are very valuable assets and can be lost to other agencies if they experience any delays in the journey to become approved foster carers.

In order to ensure that additional demand for assessments is met in the earlier stages of the process, an additional two social workers would be needed to support initial visits and ensuring that assessments take place without delay.

Increasing the number of in-house fostering households means we will need to invest in the support available from supervising social workers. It is suggested that an additional role would be sufficient in the first financial year and, as recruitment begins to meet targets in 2020, it would be possible to move some capacity from initial visits and assessments to support for the increased number of fostering households.

This suggests that an additional three qualified social workers would be required to support initial recruitment activity and for supporting the additional households recruited.

It is essential that these activities are supported by effective business support capacity, and it is therefore proposed that an additional business support role is created to help ensure that assessment and approval activities take place efficiently.

Resource	Annual Cost
2 x social workers (recruitment team) (2 x £45,000)	£90,000
2 x social worker (support team)	£90,000
2 x Business support administrators	£30,000
<b>Total</b>	<b>£210,000</b>

Other recruitment incentives also need to be considered in this highly competitive market. The first is a bonus to existing in-house foster carers who refer a friend or family member to become foster carers. Much recruitment is through word of mouth and schemes such as this help to incentivise existing carers and ensure that friends are motivated to become foster carers for Cambridgeshire as opposed to another agency.

Under this proposal, the referring carer would receive a £1,000 bonus once the person they have referred accepts their first placement.

In the same vein, existing foster carers are often the best ambassadors for the service and should be expected to be paid for their time contributing to recruitment events and in other marketing activities.

It is recommended that a further £70,000 per annum is allowed for these and similar recruitment incentives.

## 5.2 Investing in support for carers

It is of course very important to retain carers once recruited. The fostering service offers a wide range of support to foster carers already, including:

- Peer-support groups/forums
- Targeted training
- Planned breaks
- On-call support/advice
- Events/activity days enabling families to meet and access support
- Buddying between families
- Support for birth children

Foster carers will always say that they value support highly and in most cases are able to identify where often relatively small amounts of additional expenditure can have a significant impact in terms of supporting their resilience to meet the needs of the children and young people they care for.

It would be prudent to include an element of funding to provide additional support to carers, and sensible to involve them as well as supervising social workers in thinking about how this would be most effectively used. This will be particularly important given the increased focus on providing placements for older children and teenagers.

A suggested sum of £100,000 per annum is suggested for this purpose.

### Investment: 2018/19

Up-front marketing investment through 3 years tender; up to:	£225,000
Additional capacity – marketing officers:	£80,000
Staffing capacity – recruitment, support and business support:	£210,000
Marketing – direct campaign costs	£20,000
Other recruitment incentives including introduction fees and golden hellos:	£70,000
Additional funds to improve support for foster carers:	£100,000
<b>Total:</b>	<b>£705,000</b>

### On-going investment: Future years

Additional capacity – marketing officers:	£80,000
Staffing capacity – recruitment, support and business support:	£210,000
Other recruitment incentives including introduction fees and golden hellos:	£70,000
Marketing – direct campaign costs	£20,000

Additional funds to improve support for foster carers:	£100,000
<b>Total:</b>	<b>£480,000</b>

Note: investment for financial years 2019/20 onwards should be met from savings in reduced cost of placements however projected savings must take account of these higher costs.

### 5.3 Return on Investment: Placement Mix

The financial assumptions made in this section assume that an IFA foster placement cost is £800 per week, which is likely to be an underestimate, and that the average cost in terms of fees and other expenses in an in-house placement is £4000 per week. Support costs from social workers are not included as these are budgeted for in the investment amounts above.

The reductions on use of IFA placement costs are based on the planned reduction in overall numbers of children in care, as discussed under investment proposal 1 above. This ensure that there is no double counting. Modelling is based on national averages for the proportion of children placed in general fostering.

No savings are assumed within the current financial year but it is assumed that the number of in-house fostering households would have increased by 8 to 130 by the end of this financial year, in line with expected recruitment performance for the remainder of the current financial year.

#### 2018/19 financial year

Savings need to be profiled across the year as numbers of in-house carers increase.

Of the estimated 700 children in care as of 1<sup>st</sup> April 2018, 130 fostering households at 75% occupancy should be able to offer 176 placements at an average of 1.8 children per household. Given that we would expect 63% of children in care to be placed in a general fostering placement, this would mean that we would expect to see 265 children placed with IFA carers, compared with the baseline of 283 as of the end of October 2017. This would result in a saving of £374K over the whole year based on a weekly difference of £400 per week in placement costs for 18 children and young people, compared with current levels of expenditure.

By the beginning of quarter 2, there is no assumed reduction in numbers of children in care, but the number of fostering households should have increased to 136 based on an annual increase of 40 less 16 resignations. These 136 households should be able to offer 184 children and young people placements, reducing the number of IFA placements to 257. These 8 fewer children and young people in an IFA cost would save £400 per week over the remaining 39 weeks of the year: £125K.

By the beginning of quarter 3 we would expect the number of children in care to reduce to 675, meaning that the number of general foster placements required should also reduce to 425. The target 142 fostering households in place by this point should be able to offer 192 placements, meaning that 233 children and young people would be expected to need an IFA placement – a saving of the difference in cost of 22 placements over 26 weeks totalling £354K.

By the beginning of the final quarter, we would expect numbers of children in care to have reduced by a further 25, meaning that 410 would require a general fostering placement. By this time we would aim to have 148 fostering households able to look after 200 children and young people, meaning that 210 children and young people would need an IFA placement – 23 fewer children than in quarter 3. This would equate to a saving of £120K.



Assuming the numbers of children reduce towards the average of our statistical neighbour rate and we are successful in recruiting a net increase in foster carers of 18 by the beginning of quarter 4 of the financial year 2018/19, there should therefore be a cumulative saving over the financial year of £973K.

Offsetting this is the investment in year 1 of £705,000, resulting in a target net saving of £268K in 2018/19 as a result of increased fostering recruitment.

#### 2019/20 Financial Year

Assuming the reductions in use of IFA placements take place during the financial year 2018/19 as described above, we should end the year requiring 186 IFA placements compared with the 265 we would expect to have needed at the start of that year. This would produce a whole year saving of £1.6M in the financial year 2019/20

Making the same assumptions as above – i.e. that overall numbers of children in care continue to decline slowly to the equivalent of the average of our statistical neighbour rate, reaching this level from June 2019 [607 children and young people in care] and that the recruitment of new fostering households continues at a net gain of 6 per quarter, further cumulative savings for this financial year would be £900K.

This implies that the savings per annum should be in the region of £2M allowing for the additional costs of £480K per annum.

#### 2020 onwards

By 2020, we should aim to be ensuring that 70% of all children and young people needing a general foster placement are placed with an in-house foster carer and maintaining this level of performance.

Compared with current levels of expenditure, this should mean that we will need to spend around £2.5M per annum less on foster placement costs as a result of the much better placement mix and lower unit cost.

This saving would be offset by an on-going investment identified of £480K but this should still therefore deliver in the region of £2M per annum in savings against current spend.

## 6. Summary

By reducing numbers of children in care to the average of our statistical neighbours and recruiting an increased number of fostering households, actual placement costs net of investment should be in region of £5M per annum less than the current position.

### 6.1 Links to other savings plans

There have been a number of business cases submitted that are predicated on reducing numbers of children in care and we need to ensure that there is no risk of double counting of savings between those and the savings outlined in this paper.

### 6.2 Demography Funding

Funding has been identified by the Council to meet some of the demographic challenges in relation to managing pressures for children in care. While this paper is based on maintaining and then reducing overall numbers of children in care, those demographic pressures will remain and investment will still be required to manage demand. This investment will still be likely to be required.

### 6.3 Risks

There are clear risks associated with projecting the impact of changes to looked after children populations into the future. Demand led budgets such as these are highly volatile and small increases in the number of children requiring high cost specialist placements can add considerable pressures on placement budgets.

This paper is based on being able to reduce the number of children and young people in care which is in itself a high risk strategy given national patterns in relation to rising care numbers and the impact of changing demography in Cambridgeshire.

That said, we need to set targets as to the position where we are aiming to reach if we are to make progress in managing the costs of providing good quality care to children and young people.