Cost Calculator for Children's Services
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Background

In 2000 the Centre for Child and Family Research (CCFR) at Loughborough University was commissioned by the Department for Health to undertake a research study to explore the relationship between needs, costs and outcomes of services provided to **looked after children** (Ward, Holmes and Soper, 2008)[1]. One of the key outputs from this work has been the development of a software tool: the Cost Calculator for Children's Services (CCfCS). This initial study has subsequently led to the development of a sustained research programme using both the underlying methodology and/or the CCfCS tool. This paper provides an overview of the CCfCS and the methodology that underpins it.

The conceptual framework: estimating costs from the 'bottom up'

The CCfCS utilises a 'bottom up' approach to estimating unit costs (Beecham, 2000)[2]. The 'bottom up' approach identifies the constituent parts that form the delivery of a service and assigns a value to each of these parts. The sum of these values is linked with appropriate units of activity to provide the unit cost of a service (*ibid*). The approach facilitates the development of a detailed and transparent picture of unit costs and is particularly well suited to children's social care services as it can accommodate variations in costs incurred by an extensive range of interventions offered to children with very different levels of need (see Ward, Holmes and Soper, 2008).

The conceptual framework that underpins the CCfCS makes a distinction between the ongoing **case management** functions carried out by social workers, family support workers and other social care personnel and the **services** (such as placements) that are provided to meet specific needs. The overall unit costs that are estimated include both of these elements. Separation in this way allows for exploration of the costs of services and also assessment, case management and decision making costs. One of the advantages of breaking down and then building up the costs in this way is that it is possible to explore how changes to one area of the system impact on another. It is also possible to focus on one element of the system and carry out 'what if' analyses, for example, to explore the cost implications of introducing new practices/protocols, or the introduction of a new service for a specific group of children and/or families.

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[1] Ward, H., Holmes, L., and Soper, J. (2008) *Costs and Consequences of Placing Children in Care.* London: Jessica Kingsley Publishers.

[2] Beecham, J. (2000) *Unit Costs – Not Exactly Child's Play: A guide to estimating unit costs for children's social care.* University of Kent: Department of Health, Dartington Social Research Unit and the Personal Social Services Research Unit.

The CCfCS tool

The CCfCS is a purpose designed software tool that estimates the costs of social care processes and placements for *looked after children*. The unit costs of the processes are brought together with data concerning placement fees and allowances, management and capital expenditure along with routinely collected data on children's needs, characteristics and placements (using the SSDA 903 statistical return) to estimate the costs of placing looked after children for a given time period. Figure 1 shows the data that go into the cost calculator tool (inputs) and the outputs.

Figure 1: CCfCS inputs and outputs
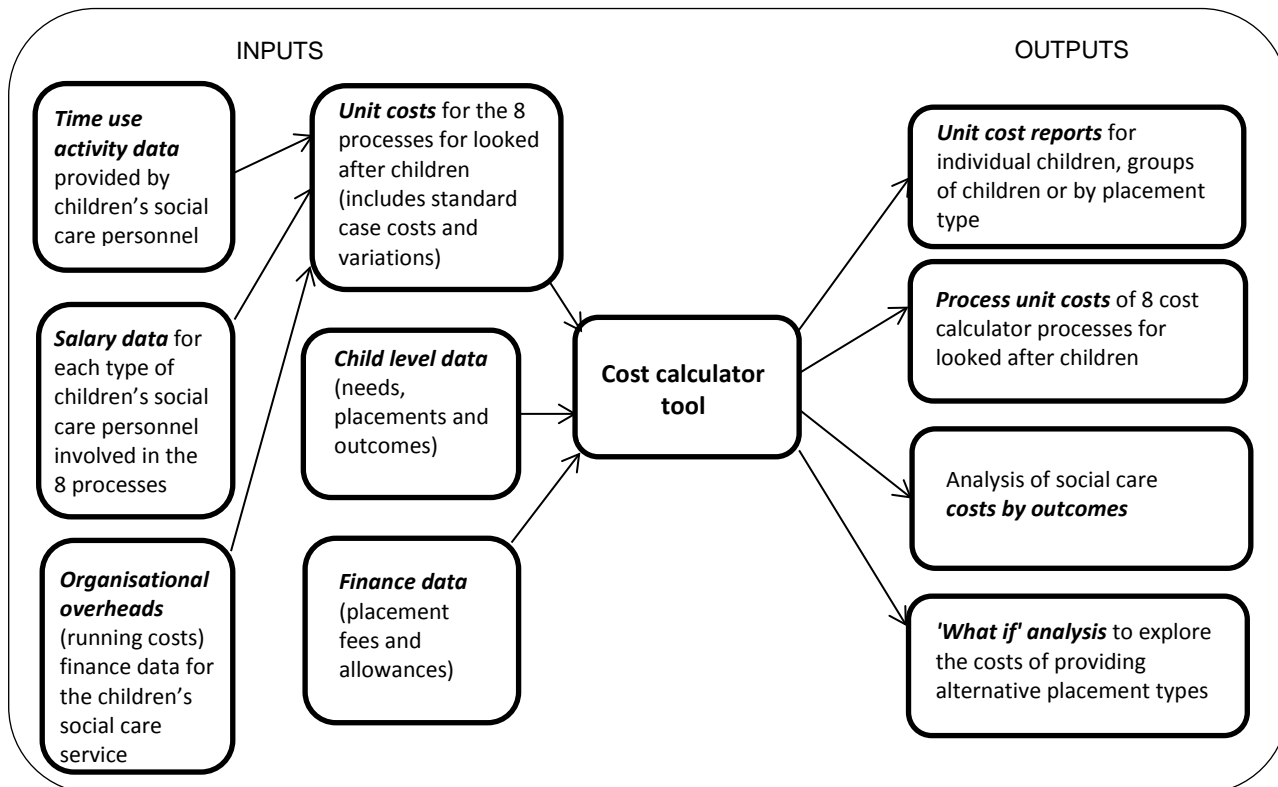
The estimations take into account diversity in children's needs, placement type and local authority procedures. This approach allows children to be grouped by type of placement and also according to their needs and outcomes. Different care pathways can be observed and the way in which costs accrue over time can be examined. It is possible to compare these cost patterns for children with particular characteristics, in specific placement types or who achieve specified outcomes.

The costs of management and capital overheads are based on those included in a framework that has been developed with local authorities and Voluntary Adoption Agencies (VAAs). The overheads framework has subsequently been piloted and used by the team across a range of other studies and has been utilised to increase transparency and comparability in overhead calculations. A 'how to' guide to replicate the overheads framework is included in McDermid (2010)[3]. The CCfCS tool is currently being updated to incorporate recent feedback from local authorities and the new SSDA 903 codes (for example missing from placement). To express an interest in obtaining a copy, please email (costcalculator@lboro.ac.uk).

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[3] McDermid, S. (2010) *The Costs of Short Breaks: Resource Pack for Service Providers*. Loughborough: Centre for Child and Family Research, Loughborough University.