

Title: New approval process for prospective adopters IA No: Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)
	Date: 17/05/2012
	Stage: Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Charmaine Church 0207 783 8068

Summary: Intervention and Options	RPC Opinion: Awaiting Scrutiny
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
N/A	N/A	N/A	Yes OUT

What is the problem under consideration? Why is government intervention necessary?

Not all adoption agencies offer a welcoming approach to people interested in adopting and enquirers are often supplied with little information about adoption itself and about the time-scales and content of the assessment process. In addition, the timing of statutory checks and references leads to some individuals who are not appropriate to adopt progressing through the process tying up scarce resources and leading to a cautious approach by adoption agencies to accepting applications. In all, the current statutory process leads to a loss of potential prospective adopters from the system. This contributes to delay in finding adoptive families for children and this can have adverse consequences for their well-being.

What are the policy objectives and the intended effects?

The overarching policy intention is to speed up the approval process from initial enquiry through to assessment and, at the same time, to improve the quality of service received by, and the experience of, prospective adopters, with a view to increasing the numbers that enter and complete the process. The aim is to move swiftly to a position where we have a pool of approved adoptive parents who are able to meet the needs of children awaiting adoption, so that more children are adopted and the time they wait for an adoptive family is significantly reduced.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 1 - Do nothing - leave existing arrangements in place.

Option 2- Amend the Adoption Agencies Regulations 2005, in particular Part 4 (Duties of Adoption Agencies in Respect of a Prospective Adopter) to introduce a new, shorter two stage approval process with initial training and preparation (including required checks) separated out from full assessment, and fast track procedures for previous adopters and approved foster carers.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/A	Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Description: Do nothing - leave existing arrangements in place

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

The costs of the other options are expressed relative to this do nothing case

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

The benefits of the other options are expressed relative to this do nothing case.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: N/A	No	NA
Benefits: N/A		
Net: N/A		

Summary: Analysis & Evidence

Policy Option 2

Description: To introduce a new, shorter two stage approval process with initial training and preparation and required checks separated out from full assessment, and fast track procedures for previous adopters and approved foster carers

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

Other key non-monetised costs by 'main affected groups'

Changes in the costs of the new approval process are felt by Local Authorities and Voluntary Adoption Agencies. At this stage, it is expected that there will be a resource cost saving with the move to a new process.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

An increase in the number of approved adopters will lead to a reduction in the time children in need of adoption spend in care and an increase in the number of adoptions. This is a benefit to local authorities due to the relatively lower cost of supporting an adoptive rather than a foster care placement and a benefit to children, prospective adopters and wider society through the positive effects associated with the creation of stable adoptive placements.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

While an increase in the supply of prospective adopters is expected to reduce the time children wait to be adopted and to increase the number of adoptions, the extent of the impact will be related to the help and support that prospective adopters can expect to receive in particular if they are to adopt a child with more complex needs.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	Yes	OUT

Evidence Base

1. Problem under consideration

The key problem we are trying to address is delay in the adoption system and the impact that this has on the welfare of children. For looked after children who go on to be adopted, the average time between entering care and moving in with their adoptive family is one year and nine months.¹ Delay in finding a suitable adoptive family for a child can cause lasting harm. Research shows that children need to form attachments, or secure and stable relationships, with one or two main carers in order to develop physically, emotionally and intellectually.² Children who are insecurely attached have more difficulties regulating their emotions and showing empathy for others. They may also have difficulties forming attachments later in life.³ A study following up a sample of children who were adopted or in long-term foster care, found that the later a child was placed with permanent carers, the lower the chances of improvement in relation to their emotional and behavioural difficulties.⁴ These difficulties, in turn, are associated with an increased risk of the adoptive placement breaking down.⁵ Furthermore, there is also evidence showing that a child's likelihood of achieving an adoption reduces with each year of delay.⁶

One of the primary reasons why children miss out on adoption altogether, or spend most of their early childhood waiting to be matched with a family, is the disparity between the numbers of children awaiting adoption and the families approved to adopt them. We do not have comprehensive national data comparing the number of approved prospective adopters with the number of children in need of adoption, but figures from the national Adoption Register give the best available indication.⁷ As at 14 March 2012 there were around 2,000 children on the Register but only 325 approved prospective adopters. To address this gap, we need to recruit more prospective adopters and we need to do more to encourage and help them to adopt children with more complex needs. To serve the best interests of children, the adoption system needs to do everything possible to encourage and support a broad range of prospective adopters and to maximise the numbers that go on successfully to adopt.

A slow and unwelcoming approval process. Many people give up before becoming approved adopters or are deterred from pursuing their interest in the first place because adoption agencies respond slowly or not at all to initial enquiries. Many prospective adopters feel unable to ask obvious questions or discuss their concerns openly during initial training and preparation because this runs in parallel with, and so may compromise, the assessment of their suitability to adopt. Above all, many prospective adopters find that the process takes much longer than the eight month timescale in the statutory adoption guidance, sometimes with no clear sense of when it will end. Adoption UK (2010), for example, in a survey of their prospective adopter members, found that in only 50 percent of cases were applications submitted to an adoption panel within eight months of the application being accepted.⁸ We want an adoption system where enquiries from potential prospective adopters always receive a prompt and welcoming response. We want potential prospective adopters to have ready access to the information they need in order to understand adoption and the approval process. We want them to know what quality of service they can expect from adoption agencies and feel able to demand it if necessary. We want them to receive high quality training and preparation to equip them with the skills they need to

¹ See Table E2 of National Statistics on Children Looked After
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

² Ward, H.; Brown, R. and Westlake, D. (2012) *Safeguarding Babies and Very Young Children from Abuse and Neglect*. Jessica Kingsley Publishers.

³ Child Welfare Information Gateway (2009) *Understanding the effects of maltreatment on brain development*.
www.childwelfare.gov/pubs/issue_briefs/brain_development/

⁴ Biehal, N.; Ellison, S.; Baker, C. and Sinclair, I. (2010) *Belonging and Permanence. Outcomes in long-term foster care and adoption*. British Association for Adoption and Fostering.

⁵ Selwyn, J.; Sturgess, W.; Quinton, D. and Baxter, C. (2006) *Costs and outcomes of non-infant adoptions*, British Association for Adoption and Fostering.

⁶ Selwyn *et al* (2006) *Ibid*

⁷ The Adoption Register is a computer database that stores details of children awaiting adoption where their own Local Authority has not been able to find them an adoptive family, and details of approved adopters awaiting a placement where their own agency has not been able to match them with appropriate children
<http://www.adoptionregister.org.uk/>

⁸ Adoption UK, (2010). *Waiting to be parents: adopters' experiences of being recruited*.
<http://www.adoptionuk.org/files/242948/FileName/Waitingtobeparents-adopters'experiencesofbeingrecruited.doc>

help an adopted child recover from the loss and disruption, developmental delay and ill-treatment he or she may have suffered. We also want the assessment of their suitability to adopt to feel planned, timely and transparent.

2. Rationale for intervention

The evidence presented above shows that delay in finding a suitable adoptive family for a child has adverse consequences for their well-being, and adverse effects for others in society. An important reason for delay is a mismatch between the number of approved adopters and the number of children waiting to be adopted. The evidence suggests that a slow and unwelcoming approval process for those looking to adopt a child contributes to this mismatch.

3. Policy objective

We want to speed up the approval process for prospective adopters and improve their experience of it. The aim of this is to increase the supply of prospective adopters and reduce the amount of time children wait to be adopted while increasing the likelihood of finding of a match for some. Evidence shows that both of these outcomes lead to improvements in child well-being as well as generating benefits to others in society due to, for example, the lower cost of maintaining a child in an adoptive placement relative to the cost of foster care.

4. Description of options considered

Policy Option 1: Do nothing - leave the existing arrangements in place

Leaving the current process in place would mean that the corresponding problems associated with this would continue. For this reason, this policy option is not preferred.

Policy Option 2: To introduce a new, shorter two stage approval process with initial training and preparation and required checks separated out from full assessment, and fast track procedures for previous adopters and approved foster carers

The Government asked a leading group of experts from across the adoption sector to help them rethink the adoption system in order to get the best for children in need of adoption.⁹ They worked together to assess options and develop a set of policy proposals. Therefore, we intend to consult only on these worked-up proposals. The main changes under this policy option reflect the suggestions of this group and are:

- **A shorter new two-stage approval process.** For the majority of prospective adopters the first stage (initial training/preparation) will be completed in two months and the second (full assessment) within four months. A quicker two-stage process is expected to encourage more prospective adopters to apply and complete the assessment process. During the first stage, prospective adopters will use online learning materials and self-assessment to develop their understanding of adoption and to reflect on what they have to offer before deciding whether to submit an application to be assessed, and agencies will carry out all statutory checks and seek references. This has the benefit of accelerating the process by 'front-loading' it and also of eliminating the need for wasteful investment in more detailed assessments for applicants with clear contra-indicators, so that social worker time is freed up to concentrate on those prospective adopters who are most likely to be approved.
- **Information sessions.** Adoption agencies will hold a rolling programme of information sessions for those people who want to find out more before deciding whether formally to register their interest. These sessions will inform prospective adopters about adoption, the children available for adoption and the approval process itself. Some agencies already currently operate similar sessions, however we are unable to assess the proportion that do at this stage.

⁹ The members of this group and its full set of reform proposals can be found here: <http://www.education.gov.uk/childrenandyoungpeople/families/adoption/a00205069/action-plan-for-adoption-tackling-delay>

- **Assessment `agreements`.** Adoption agencies will draw up and agree with prospective adopters an assessment agreement setting out what will be involved and what the timetable will be given their particular circumstances. This should increase adopter understanding of the assessment process and what this will entail with a view to ensuring that they do not lose interest and pull out. Some agencies will already operate similar agreements on an informal basis. We are unable to assess the proportion that currently do this. The cost of drawing up such agreement is expected to be small.
- **Independent Review Mechanism.** Prospective adopters can apply to the IRM for a review of the adoption agency's determination should the agency consider them not to be suitable to adopt. Under the new process, a prospective adopter's access to the Independent Review Mechanism (IRM) will be restricted to the second stage i.e. it will not kick in until the prospective adopter has submitted, and had accepted by the agency, an application to be assessed. This is expected to meet the objective of facilitating more open engagement between prospective adopters and agencies in stage one of the approval process.
- **A fast-track process for people who have adopted before and foster carers.** It is envisaged that in the majority cases prospective adopters from these groups would skip the first stage (although decisions about fast-tracking would need to be made on a case by case basis) and receive a specially tailored assessment (the extent of which would be determined in each individual case).

It has not yet been decided whether these changes should be implemented through legislation or statutory guidance.

5. Monetised and non-monetised costs and benefits of each option

Below we discuss the expected effects of option 2 and its use of resources, by group.

Policy Option 1: Do nothing - leave the existing arrangements in place

Leaving the current approval process in place would mean that the problems associated with this process would continue. The costs and benefits of the other option are expressed relative to this do nothing case.

Policy Option 2: To introduce a new, shorter two stage approval process with initial training and preparation and required checks separated out from full assessment, and fast track procedures for previous adopters and approved foster carers

The main groups affected by Policy Option 2 are Local Authorities, Voluntary Adoption Agencies, looked after children, and prospective adopters. We discuss four main impacts:

- the change in prospective adopter approval costs to LAs and VAAs;
- the change in the amount of time and effort foregone by prospective adopters in the approval process;
- a change in the speed with which looked after children are placed for adoption; and
- a change in the number of adoptions of looked after children.

5.1 Change in prospective adopter approval costs to LAs and VAAs.

At this stage we expect the new two stage approval process to be less burdensome and time consuming for LA and VAAs relative to the current arrangements. As we develop the policy we will be working further with stakeholders and will run a consultation on the regulatory changes which will give us a much clearer picture of the position.

The new fast-track process for those who have adopted before and foster carers are also expected to be less resource intensive relative to current arrangements for this group of prospective adopters. In 2010/11 in England, 9% of children placed for adoption (210 out of 2,450) were placed with current foster carers. Over the past five years, the levels have varied between 9 and 11%.¹⁰ We do not know the number of children who are adopted by those who have adopted previously.

The less time consuming assessment process, by itself, is expected to lead to a cost saving and therefore a benefit to LAs and VAAs. The new process is, however, expected to increase the number of adopters who pursue their enquiry and to reduce enquirer drop out. This will have a countering effect on the per-prospective adopter unit cost decrease in that it will increase the number of assessments that will likely be carried out. Ward (2011), for example, who surveyed those who enquired to the 2003 National Adoption Week found that, of the 77% of enquirers who had not started the adoption process at the time of the survey, 13% noted process concerns as a reason for not taking their interest forward.¹¹ In addition, 5% of those surveyed started, but withdrew from the process. Of the ones who cited a reason for this, half gave process related reasons.

5.2 Change in the amount of time and effort foregone by prospective adopters in the approval process.

The new assessment stage of the process will focus on an analysis of the prospective adopter's parenting capacity. Those who are fast-tracked will not have to engage in as much e-learning or self assessment (though this will vary on a case by case basis), and their assessments will be tailored. In addition, prospective adopters may also attach value to a reduction in the time that it takes to become approved because this opens them to be matched with a child quicker than occurs under the current process.

5.3 A change in the speed with which looked after children are placed for adoption

By increasing the number of approved prospective adopters, we expect a reduction in the time it takes to find a suitable family for a looked after child in need of adoption and for them to be placed with that family. This is expected to lead to: cost savings to Local Authorities; benefits to children due to them spending less time in care (which is also expected to create wider benefits to others in society); and benefits to prospective adopters as they will be matched more quickly with a child.

To value the cost saving effect we can compare the cost of supporting an adoptive placement per week to the cost of maintaining a child in foster care per week. We can then multiply this cost difference by an estimate of the effect of the policy option on the additional time spent in adoptive placements. **We are unable to forecast the magnitude of the effect of the policy option on the reduced time spent in care due to faster matching, but we can illustratively derive an estimate of the cost savings that are associated with faster matching. What follows shows the derivation of this estimate.** We discuss a method to value the benefit to children in section 5.4. We are unable to value the benefits to prospective adopters

Selwyn et al (2006)¹² estimate the cost to Local Authorities (LAs) of: maintaining a child in an adoptive placement before the making of an Adoption Order ('a post-placement unit cost') to be £117 per week on

¹⁰ Source: National Statistics on Children Looked After by Local Authorities, table A3
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

¹¹ Ward (2011) analysed 493 responses to questionnaires sent to individuals who enquired to the 2003 National Adoption Week (NAW). The questionnaires were sent one year after they received the 2003 information pack. Ward, E. (2011) Taking the next step: enquirers to national adoption week one year on. *Adoption & Fostering Journal*, Volume 35, Number 1, Spring 2011, pp. 6-17(12)
http://findarticles.com/p/articles/mi_6895/is_1_35/ai_n57533287/?tag=content;col1

¹² Selwyn et al used case files from four South West Local Authorities on 96 children for whom adoptive homes were found, discussions with staff, and interviews with 64 of the adopters of those children. The children in their sample were aged five years and seven months on average at adoptive placement. A bottom up costing approach was adopted. The amount of time spent in each per-child adoption activity by each worker was calculated. This was then multiplied by staff costs from, whenever available, the Unit Costs of Health and Social Care (Netten et. al., 2001). Otherwise, salaries were estimated or costs were based on actual payments. Selwyn, J., Sturgess, W., Quinton, D., and Baxter, C. (2006). *Costs and Outcomes of Non-Infant Adoptions*. British Association for Adoption

average (2001/2 prices); and providing adoption support services to adoptive families after an Adoption Order ('a post-adoption unit cost') to be £45 per week, on average (2001/2 prices). Noting that the unit cost of in-house foster care in the largest Local Authority in their sample was £318 a week, they estimate a saving to LAs of approximately £201 per child per week post-placement and of £284 per child per week post-adoption order (2001/2 prices).

Selwyn's (2006) estimated adoption costs are based on costs borne by LAs only. 11 of the children in their sample were placed with a prospective adopter who was approved by a Voluntary Adoption Agency (VAA). Placements with prospective adopters who are approved by a VAA typically receive services from LAs and also from that VAA. The entire cost of supporting a placement (regardless of whether it is borne by LAs or VAAs) should be considered for the purpose of social cost-benefit appraisal so that the full value of the resources dedicated to maintaining and supporting an adoptive placement is measured.

Based on a small sample of VAA and LA approved adopters, Selwyn et al (2009, p.65) estimates that the 'post-placement' expenditure incurred by LAs on LA approved adopters is 2.31 times the expenditure that they incur on VAA approved adopters.¹³ Recognising that the £117 'post-placement unit cost' described above will be the weighted average of the post placement cost incurred by LAs in supporting LA approved adopter matches or placements (85 out of 96) and VAA approved adopter matches (11 out of 96), we can derive an estimated 'post-adoption unit cost' to an LA of supporting a match with a prospective adopter that was approved by that LA of £125 per week. The estimated 'post-adoption unit cost' to an LA of supporting a match or placement with a prospective adopter that was approved by a VAA is £54 per week.¹⁴ Using the GDP deflator shown in table 1 below, these costs are £164 and £71 per week, respectively, in 2012/13 prices (e.g. £125 x (104.959/79.909) and £54 x (104.959/79.909)).

Table 1: GDP Deflator Series

Financial year	2010-11 = 100	per cent change on previous year
2001-02	79.909	1.84
2002-03	82.007	2.63
2003-04	83.716	2.08
2004-05	86.120	2.87
2005-06	87.874	2.04
2006-07	90.785	3.31
2007-08	92.876	2.3
2008-09	95.666	3
2009-10	97.385	1.8
2010-11	100.000	2.69
2011-12	102.200	2.2
2012-13	104.959	2.7

Note: accessed from http://www.hm-treasury.gov.uk/data_gdp_fig.htm on May 2012.

We can follow an analogous approach to derive a 'post-adoption unit cost' to an LA of supporting a match or placement with a prospective adopter that was approved by that LA of £48 per week in 2001/02 prices and a 'post-adoption unit cost' to an LA of supporting a match or placement with a prospective adopter that was approved by a VAA of £24 per week in 2001/02 prices.¹⁵ This is equivalent to £63 and £32, respectively, in 2012/13 prices (e.g. £48 x (104.959/79.909) and £24 x (104.959/79.909)).

and Fostering; Netten, A.P. and Rees, T. and Harrison, G. (2001) Unit Costs of Health and Social Care 2001. Personal Social Services Research Unit, University of Kent

¹³ Selwyn, J., Sempik, J., Thurston, P., and Wijedasa, D. (2009). Adoption and the Inter-Agency Fee. Research Report DCSF-RR149.

¹⁴ That is, $((85/96) \times £125) + ((11/96) \times £54) = £117$, where £125 is the cost to LAs of supporting an LA approved adopter (an 'internal placement') and £54 is the cost to LAs of supporting a VAA approved adopter (an 'external placement').

¹⁵ Selwyn et al (2009, p.66) estimates that the 'post-adoption' expenditure incurred by LAs on LA approved adopters is 1.99 times the expenditure incurred on VAA approved adopters. $((85/96) \times £48) + ((11/96) \times £24) = £45$, where £48 is the cost to LAs of supporting an LA approved adopter (an 'internal placement') and £24 is the cost to LAs of supporting a VAA approved adopter (an 'external placement').

Selwyn et al (2009, p.65) also estimates that the 'post-placement' expenditure incurred by VAAs on adopters approved by that VAA is 2.9 times the expenditure incurred by LAs on the VAA prospective adopter. This implies that the 'post-placement' cost incurred by VAAs on adopters that they have approved is £206 per week in 2012/13 prices (e.g. £71 x 2.9). Selwyn et al (2009, p.66) estimates that the 'post-adoption' expenditure incurred by VAAs on adopters approved by that VAA is 1.6 times the expenditure incurred by LAs on the VAA prospective adopter. This implies that the 'post-adoption unit cost' incurred by VAAs on adopters that they have approved is £51 per week in 2012/13 prices (e.g. £32 x 1.6).

Table 2: Estimated Costs of Adoption (2012/13 prices)

post-placement unit cost of adoption (per week)		
	Cost to LAs	Cost to VAAs
LA approved adopter	£164	-
VAA approved adopter	£71	£206
post-adoption unit cost of adoption (per week)		
LA approved adopter	£63	-
VAA approved adopter	£32	£51

The unit cost of in-house foster care estimate used by Selwyn (2006) was based on a top-down costing approach. Ward et al (2008), on the other hand, present a detailed bottom-up analysis of the costs of services provided to looked after children based on a sample of 478 children looked after by three matched pairs of local authorities.¹⁶ These estimates are preferred here as they are derived via the same costing methodology as the adoption cost estimates.

The estimated costings varied markedly depending on the background, needs, and resulting care experiences and journey of the child. Curtis (2011, p.119- 121) also depicts estimated costs of different looked after children based on their need levels and hypothetical care journeys, based on the Ward et al (2008) analysis.¹⁷ Over a 87 week period, the cost of maintaining the placement of a child 'no evidence of additional support needs' or with 'emotional or behavioural difficulties' with local authority foster carers is seen to be around £450 per week (2010/11 prices). Two reviews of a placement and two updates to the child's care plan per year by an LA costs an estimated £1206 per annum, or around £23 per week. Adding this to the cost of maintaining the placement gives a figure of £473 per week for a local authority foster care placement in 2010/11 prices). Uplifting to 2012/13 prices using the GDP deflator gives a cost per week of £496 for maintaining a local authority foster care placement.

Using a placement with a VAA approved adopter as the intervention case and a placement with a local authority approved foster carer as the counterfactual and the mean cost estimates presented above, we can place values on the resource use consequences of an increase in the speed in which looked after children become placed for adoption. Moving a child into an adoptive placement one week faster leads to cost savings of: foster care cost per week - post-adoption unit cost per week. Using estimates derived above, this is given by £496 – (£51 + £32). This is equal to £413 per week (2012/13 prices). If an adopter places a child with a prospective adopter that they have approved, the cost savings are higher because relatively fewer resources are typically spent on maintaining these adoptive placements. Using the LAs own approved adopter as the intervention case gives savings of £496 - £63 to that LA. This is equal to £433 per week (2012/13 prices). We therefore estimate resource savings in the range of £413 to £433 per week (2012/13 prices) due to moving a child into an adoptive placement one week faster, all else equal.

When a local authority places a child with an adopter approved by a VAA, they pay an inter-agency fee. This is intended to compensate the VAA for the expenditure that they have incurred in recruiting and assessing the prospective adopter and also for support that the VAA will provide to help maintain the adoptive placement. VAAs currently charge £27,000 for placing a child with an adopter that they have

¹⁶ Ward, H., Holmes, L. & Soper, J. (2008) *Costs and Consequences of Placing Children in Care*, Jessica Kingsley Publishers, London.

¹⁷ Curtis, L. (2011). *Unit Costs of Health and Social Care 2011*. Personal Social Services Research (PSSR) Unit, University of Kent.

approved. If the inter-agency fee covers the increased cost borne by VAAs due to the additional time spent in adoptive placements due to the policy option, then the implication is that the cost of maintaining an adoptive placement is, in fact, borne by the LA. Since this additional cost is less than the cost that would have been borne by LAs in maintaining a foster care placement, the net cost saving to LAs, and society as a whole, remains. There is some evidence to suggest, however, that the inter-agency fee does not, on average, cover VAA expenditure with some subsidising their adoption services from charitable funds.¹⁸ Nevertheless, the voluntary acceptance of a match or placement by a VAA implies that the benefit that they derive exceeds the cost that they incur.

5.4 A change in the number of adoptions of looked after children

By increasing the number of approved prospective adopters, we also expect potentially more adoptive matches or placements to materialise due to the availability of a larger pool of adopters. This will also lead to resource cost savings. It will lead to benefits to children due to them spending less time in care (which is also expected to create wider benefits to others in society); and benefits to prospective adopters due to the increase in the amount of time they are able to spend with an adopted child.

We are unable to forecast the effect of the policy option on the time children spend in care due to an increased number of adoptions, but we can derive an indication of the cost savings that would be associated with this if we had did have this estimate. What follows shows the derivation of this illustrative indication. Here we also present a method to value the benefit to children and wider society due to an additional adoption. Again we are unable to value the total number of additional adoptions that the policy will generate. We are unable to value the benefits to prospective adopters.

Generating an adoptive placement that would not have materialised in the policy options absence leads to resource savings given by the following formula:

(foster care cost per week - post-placement unit cost per week) x (number of weeks maintained in an adoptive placement before the making of an Adoption Order)

+

(foster care cost per week- post-adoption unit cost per week) x (number of weeks spent with an adopter under an adoption order).

Based on data covering the period 2008/09 to 2010/11, the average number of months maintained in an adoptive placement before the making of an Adoption Order was 10 months.¹⁹ The number of months spent under an adoption order is determined by the age at which the child is adopted and the duration of the placement. The average age at adoption is around 4 years old.²⁰ Estimates of adoption breakdown have tended to put it at around 20%. However others have argued that the true figure is much lower at around ten percent for children adopted under the age of five, and just three percent for those adopted under the age of one.²¹ Using estimates above, assuming that an additional adoptive placement has a 20% chance of disruption, and assuming that if the placement were not to disrupt it would last for 12 years, gives an estimated expected cost saving for an additional adoption with a VAA approved adopter of:

$[(£473 - £277) \times 4.35 \text{ weeks in a month} \times 10 \text{ months}] + [[(£473 - £83) \times 4.35 \text{ weeks in a month} \times 134 \text{ months}] \times [0.8] = £188,686 \text{ (2012/13 prices).}$

The estimated cost saving for a local authority that places with an adopter which they have approved is given by

¹⁸ Selwyn et al (2009) Ibid

¹⁹ National Statistics on Children Looked After by Local Authorities, Table E2
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

²⁰ National Statistics on Children Looked After by Local Authorities, table E1
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

²¹ Department for Education (2012, p.16) An Action Plan for Adoption: Tacking Delay

$[(£473 - £164) \times 4.35 \text{ weeks in a month} \times 10 \text{ months}] + [[(£473 - £63) \times 4.35 \text{ weeks in a month} \times 134 \text{ months}] \times 0.8] = £201,944$ (2012/13 prices).

To estimate the benefits to looked after children due to faster or additional adoptions, we could compare adolescent educational and adulthood labour market outcomes across those who experienced a childhood in foster care to those who were adopted in order to quantify the effects of adoption on these outcomes. However, there are very few UK studies to have done this. The vast majority of impact analyses focus on childhood and early-adolescent psychosocial outcomes of adoptees.²²

Selwyn et al (2009, p. 48) do, however, note that the few studies that have examined adulthood outcomes of adoptees, such as their socio-economic status, show that their profile is similar to that of the general population. However, they caution the use of these findings for the characteristics of children placed and the social context has changed significantly since the time of these studies. More recently, Selwyn and Wijedasa (2011) present evidence from the first six annual waves of data from the Longitudinal Study of Young People in England (LSYPE) also showing similarities in adoptee outcomes to that of the general population.²³ However, the findings from this study also merit caution due to small sample sizes.

Overall, therefore, evidence does suggest that adopted children are less likely to be NEET and more likely to obtain better educational qualifications than those who remain looked after. Their outcomes are more in line with those of the general population.

Coles et al (2010, p.5) point to evidence showing that, at the end of 2008, 10.3 per cent of 16-18 year olds in England were NEET. In contrast to this, national statistics on Children Looked After by Local Authorities shows that around 30 per cent of care leavers who were looked after when aged 16 are NEET when aged 19.²⁴ Assuming that adoption imparts children with the same expected socio-economic outcomes as the general population, this implies that an adoption reduces the likelihood of NEET status by 19.3 per cent.

Godfrey et al (2002) estimate that the lifetime welfare cost of being NEET between the ages of 16 and 18 is in the region of £45,000 (2000/01 prices).²⁵ Coles et al (2010) generate an up-dated and higher estimate of over £104,000 due to primarily to the growing wage differentials across the NEET/non-NEET groups.²⁶ This implies that an additional adoption generates expected wider social benefits of £20,072 (e.g. £104,000 x 0.193). It is important to emphasise that this estimate assumes that the NEET status likelihood during young adulthood of the additional adopted child, if they were not adopted, is the same as the average likelihood of the population of children in care when aged 16. Likewise, it assumes that the NEET status likelihood of the additional child once adopted is the same that the NEET likelihood of the general population of young adults.

6. Risks and assumptions

A key assumption is that the preferred policy option will increase the supply of prospective adopters and so reduce the time it takes for children placed for adoption to be adopted and increase the prospects of adoption for some children. However, the imbalance between the number of prospective adopters and the number of children waiting to be adopted may also reflect a disparity between the needs of the children waiting and the

²² Selwyn et al (2009) *Ibid*; Selwyn, J., and Wijedasa, D. (2011). *Transition to Adulthood for Young People in Adoptive Care*. University of Bristol

²³ The LSYPE began in 2003 with a representative sample of 15,770 young people aged 13-14 years. The data is collected annually and interviews will be carried out until the young people turn 25 years of age. Selwyn and Wijedasa also linked their dataset to the administrative records of the National Pupil Database (NPD).

²⁴ National Statistics on Children Looked After by Local Authorities, table F1

<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

²⁵ Godfrey, C., Hutton S., Bradshaw, J., Coles. B., Craig G., Johnson, J. (2002) Estimating the cost of being “ not in education, employment or training” at age 16-18yrs Research Brief RB346, DfES

²⁶ Coles, B., Godfrey, C., Keung, A., Parrott, S., and Bradshaw, J. (2010). Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training. Department of Social Policy and Social Work and Department of Health Sciences. The University of York.

preferences of prospective adopters. While an increase in the supply of prospective adopters is expected to reduce the time children wait to be matched and then placed with a suitable adoptive family and to increase the number of adoptions that materialise, the size of the effect will be related to the help and support that prospective adopters are given to adopted children with more complex needs.

7. Direct costs and benefits to business calculations

Recruitment and assessment of prospective adopters is carried out by Local Authorities and also by Voluntary Adoption Agencies (VAAs). As an indication of the VAA share of the market, during 2007-8, 14% of all adoption orders made during that year involved children placed with a VAA approved adopter.²⁷ The changes in the required operation of the new approval process will also be felt by these civil society organisations. At this stage we expect the new two stage approval process to be less burdensome and time consuming for LA and VAAs relative to the current arrangements. The change is therefore expected to be regarded as benefit by VAAs.

8. Summary and preferred option with description of implementation plan

The new approval process has the potential to improve significantly the quality of the service that prospective adopters receive from adoption agencies and to begin to increase the numbers that enter and complete the approval process while providing appropriate rigour. It should in turn improve the reputation of the adoption system and attract greater numbers of prospective adopters. It will require amendments to the Adoption Agencies Regulations 2005 (which apply to England only). It is intended that these amendments will come into force, following full public consultation, as early as possible in 2013.

²⁷ Selwyn et al (2009) Ibid