

Summary: Intervention & Options

Department /Agency: Department for Children, Schools and Families	Title: Impact Assessment of Statutory Guidance for Family and Friends Care	
Stage: Consultation	Version: 3	Date: 19/02/10
Related Publications: Statutory Guidance for Family and Friends Care		

Available to view or download at:

Contact for enquiries: Helen Kay

Telephone: 02073407412

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

Efficiency argument- improved transparency from local authorities about the arrangements, procedures and support available for children living with family and friends will lower informational costs for families and friends and thus reduce the number of children who have to go into care. This should improve outcomes for the child and reduce expenditure for the state.

What are the policy objectives and the intended effects?

To ensure that in collaboration with children's trust partners, each local authority with responsibility for children's services will develop and publish a comprehensive policy setting out its approach promoting and supporting family and friends carers of children in the full range of legal arrangements. The policy should be made freely available to anyone with an interest in family and friends care. Our aim is to ensure children only become looked after if their needs require this. The intended effect is a reduction of the number of children in care and an increase in the number cared for by family networks.

What policy options have been considered? Please justify any preferred option.

Option 1: Develop a specific framework to support family and friends placements. Issue Statutory Guidance on Family and Friends care which sets out cohesive approach towards promoting and supporting family and friends carers of children in the full range of legal circumstances.

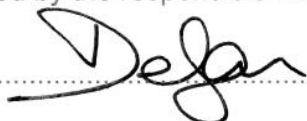
Option 2: Do nothing. We believe this is not acceptable because of the importance of ensuring adequate legal permanence for children living with relative carers and level of concern from Ministers.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? . This is a commitment from 'Care Matters: Time for Change' which will, it is intended, be monitored via a published annual stocktake and OfSTED.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

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 Minister:



Date:

Summary: Analysis & Evidence

Policy Option: Statutory Guidance for FF Care	Description: As outlined in the evidence base.
---	---

COSTS	ANNUAL COSTS	Yrs	Description and scale of key monetised costs by 'main affected groups'	
	One-off (Transition)		There is a one off cost to LA of producing policy on family and friends. There are no other additional ongoing costs, as the core content of the guidance outlines what LAs should already be doing in this area. No of Authorities already produce guidelines or guidance for family and friends carers.	
	£ 1, 064 m	Average Annual Cost (excluding one-off)	Total Cost (PV)	£1.064m
	£0	Other key non-monetised costs by 'main affected groups' Potential increased costs to local authorities as more clarity about the support on offer for family and friends carers leads to increased demand.		

BENEFITS	ANNUAL BENEFITS	Yrs	Description and scale of key monetised benefits by 'main affected groups'	
	One-off		Reduced costs to local authorities from less children going into care.	
	£ 0	Average Annual Benefit (excluding one-off)	Total Benefit (PV)	£ 8.78 million
	£ 1.02m	Other key non-monetised benefits by 'main affected groups' The monetised benefits above do not take into account the benefits for children of not going into care and other reduced service costs related to looked after children.		

Key Assumptions/Sensitivities/Risks The impact on the number of children going into care and the monetised benefits that this will bring are based on conservative assumptions. Significant assumptions have also been made in estimating the costs to LAs. A key risk is that this policy could lead to a increase in demand for LA support from family and friend carers.

Price Base Year 2010	Time Period Years 10	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ 7.72 million
-------------------------	-------------------------	--	---

What is the geographic coverage of the policy/option?	England			
On what date will the policy be implemented?				
Which organisation(s) will enforce the policy?	Ofsted			
What is the total annual cost of enforcement for these organisations?	£ N/A			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	No			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ N/A			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro N/A	Small N/A	Medium N/A	Large N/A
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)	
Increase of	£ N/A	Decrease of	£ N/A
Net Impact		£ N/A	

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Background and rationale

1. Most children live with their birth parents, but around 200,000 –300,000 live with family and friends¹. This can be for a wide range of reasons: parental difficulties, mental or physical ill health, domestic abuse, divorce or separation, alcohol or substance misuse, imprisonment or bereavement. The circumstances vary widely².
2. A very small number (6,800) of these children are formally looked after and are cared by family and friends who are approved as foster carers. Other carers may be entitled to benefits and tax credits and, a range of different support from the local authority, but this varies from place to place.
3. In fact, few children want to come into care; most would prefer their birth parents to be supported to continue to care for them, or if that is not possible to be able to live with members of their extended family. 75% of young people consulted by the Children's Rights Director in response to *Care Matters* thought that families should be given a chance to suggest other ways of looking after children before they go into care.³
4. Family and friends carers are more likely to be older in poorer health and in more disadvantaged circumstances when compared to unrelated foster carers, yet receive significantly less support. Farmer E and Moyers S (2008) report that many carers are left struggling to cope financially, emotionally and socially, receiving little, if anything to meet the needs of the child. However, there are positive outcomes for children in family and friends care are achieved despite the adverse circumstances of the carers. These⁴ outcomes are well evidenced and include:
 - Children in family and friends care tend to be in more stable placements than those placed with unrelated foster carers.
 - Children placed within their family can more easily maintain a sense of family and cultural identity.
 - Contact with family members is more likely to be maintained than when children are with unrelated foster carers

Policy Background.

5. Alongside the publication of the Care Matters White Paper, Government announced that a total of approximately £300 million would be provided over the period of the Comprehensive Spending Review 2008-11 to take forward the White Paper commitments. The total funding package included a dedicated change fund of £22.5m (£5/7.5/10m between 2008-2011) to support locally authority implementation of Care Matters.
6. Since 2004-5, local government has made significant inroads in delivering better value for money and using resources more effectively to improve outcomes for children and young people, including through improved services for looked after children and those on the edge of care. The reforms set out

¹ 2 Richards A and Tapsfield R (2003) *Funding Family and Friends Care: The Way Forward* (Family Rights Group)

² Family Rights Group *A policy briefing on family and friends care: raising children within the wider family as an alternative to care*

³ Care Matters: Young people's responses, DfES 2007

2.Centre

⁴ Farmer E and Moyers S (2008) *Kinship Care: Fostering Effective Family and Friends Placements* (Jessica Kingsley)

in the Care Matters White Paper and in part, implemented through the 2008 Act, will play a significant role in supporting local authorities to achieve better value from existing programmes over the next Comprehensive Spending Review period.

Legal responsibility

7. Care Matters: 'Time for Change' pledged to introduce a statutory framework for family and friends to reflect the requirement in the Children Act 1989 that local authorities are under a duty to make arrangements for looked after children to live with relatives or friends where it is consistent with their welfare (s.23(6)). This is now reflected in the Volume 1 Court Order Guidance and the Public Law Outline.

8. In collaboration with children's trust partners, each local authority with responsibility for children's services will develop and publish a comprehensive policy setting out how it will promote and support family and friends carers of children in the full range of legal circumstances. The policy should be made freely available to all, and publicised through the authority's website and other relevant means to ensure that it becomes known to anyone with an interest in family and friends care. This will enable potential family and friends carers to make informed choices about their capacity to take on the case of a child in the light of the supports and services (including financial support) which will be available to them.

9. Local authorities should ensure that their policies address the new provisions of the provisions in the Children and Young Persons Act 2008:

- i) To ensure that looked after children, who cannot return home, are where possible, placed with relatives who are approved as local authority foster carers, and hence paid accordingly (s.8);
- ii) Extension of the power of local authorities to provide cash support to children in need (s.24), thus making it easier for local authorities to provide limited financial support to family and friends carers when the children they are raising are assessed as being in need.

Options considered

10. We considered options:

Option 1: Develop a specific framework to support family and friends placements.

Option 2: Do nothing.

11. Option 1 will meet the commitment in the Care Matters White Paper and new provisions set out in The Children and Young Persons Act 2008 to ensure that first consideration is given to children living with family and friends. We will produce statutory guidance for local authorities which will cover the content of an appropriate policy framework; expectations of an effective support service linked to commissioning; wider support, including financial benefits to which family and friends may be entitled; and an appropriate assessment process where a relative or friend of the family is to be approved as a foster carers.

12. We believe Option 2 is not acceptable because of the importance of ensuring adequate legal permanence for children living with relative carers. Commitments were given in both Houses during the passage of the CYP Bill that the statutory guidance would be issued. If Government does not now address in a systematic and comprehensive way the evident problems that family and friends carers are facing, a significant proportion of children in care will continue to experience disproportionately poor outcomes in life, both as children and later as adults.

Costs

13. In relation to the new provision to improve support for family and friends carers, any additional costs of providing support to families under section 17 arrangements or through residence order or special guardianship order allowances will be more than offset by the reduction in the need for children to be accommodated under section 20 of the Children Act 1989. Local authorities who have developed dedicated frameworks to support family and friends care have achieved significant cost savings by reducing the numbers of children supported in the care system and increasing the support available through section 17 in order reduce the need for them to come into care in the first place. However, local

authorities who currently provided very low level of financial support to family and friends carers may need to consider investing upfront in order to achieve future efficiencies.

14. There will be costs to local authorities from developing and publishing a policy indicating the guidance. We have estimated the following costs of producing such a policy. These are:

- 2 LA officers working .5 for a month, to draft, consult and revise the guidance
- Series of consultations with key stakeholders
- Meetings with senior manager and members to review and scrutinise policy

Total cost: £7k per Authority. Total cost for 152 Authorities £ 1,064m.

15. As well as the costs to local authorities of developing and publishing a policy on family and friends carers, it is also likely that this improved clarity on what support is available for family and friends carers will lead to an increased demand for this support. We are unable to estimate how great this increased demand for services will be or how much it will cost LAs.

16. As part of the consultation process, we will attempt to improve the accuracy of the estimated costs of this policy. This will include both the cost of developing and publishing the policies and the potential increase in demand as a result of increased clarity about the availability of support.

Benefits

17. Reducing the number of children that go into care by increasing the numbers who are placed within friends and families should lead to benefits for the children themselves, family and friends carers and reduced expenditure.

Children

18. Children who are looked after experience very poor outcomes, even taking into account the socially disadvantaged backgrounds from which many of these children originate. Evidence suggests that many of these poor outcomes have large social and economic costs, as well as personal costs for the individuals themselves:

- Care leavers are much more likely to be not in education, employment or training (NEET) as compared to young people as a whole. Due to timing and definitional differences the figures are not strictly comparable, but 31%⁵ of former care leavers were NEET compared to 17% overall for young people of a similar age.
- Children in care are twice as likely to be subject to a final reprimand or warning or convicted of a crime as other children⁶.
- 14% of children in care gained five GCSEs at grades A*-C, compared to 65% of all children⁷
- Children in care have poorer health outcomes than other young people. One study found that among 11-15 year olds, the prevalence of children in care assessed as having a mental health disorder was 49% compared to 11% of all other children⁸. Other research has found that children in care are four times more likely than their peers to smoke, use alcohol and misuse drugs, less likely to be in good health and more likely to be depressed⁹.
- There are substantial individual and social costs associated with ill-health. Analysis carried out for the Social Exclusion Unit calculated that if the rate of mental illness for care leavers could be reduced to that for the average person in the population, the saving in terms of public expenditure would be £529.9m per annum. Using adults from more disadvantaged backgrounds as a lower

⁵ Statistical First Release 25/2009 (published 13 October 2009) Children looked after in England year to 31 March 2009, DCSF, SSSA903 return, available at <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000878/index.shtml>

⁶ Statistical First Release, 07/2009 (30 April 2009), DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2008, England available at: <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000842/index.shtml>

⁷ Statistical First Release 07/2009 (30 April 2009), DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2008, England available at: <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000842/index.shtml>

⁸ Meltzer, 2003, 'The mental health of young people looked after by local authorities', ONS

⁹ *Care Matters: Time for Change* [chapter 5], page 90

bound comparison group, the saving would be £211.7m. This estimate is the benefit resulting for the existing population of care leavers in society and not the annual flow.

- Children living with family and friends have lower educational support than children in care, indicating higher attainment for children and lower service costs¹⁰.

19. Research shows that placements with family and friends lead to greater placement stability. One research study (Farmer and Moyers (2005)) showed that 72% of placements with family and friends were still stable after two years of care compared to 55% of those with unrelated foster carers. Department for Children, Schools and Families (DSCF) analysis (2004) shows that of those pupils who were mobile during year 10, only 21.8% achieved 5 GCSEs A*-C. This compares with 52.4% of all other children who were not mobile during years 10 and 11, this indicates that more stable placements are linked to higher attainment at GCSE level¹¹. These proposals will support more children to live with family and friends carers with the security of a legal order. Also, the message from the consultation process is that children and young people have a stated preference for, where possible, living with family and friends over being looked after by strangers.

Costs of Children in Care

20. Children in care suffer far worse outcomes than children in general. But also, children being in care are a huge burden on expenditure on children's services. More than £2bn a year is spent by local authorities in England just on the placements for children in care¹². This guidance ought to lead to more children being looked after by friends and family and less going into care.

21. The costs of a child being in care for a year are:

- £489 / week average for foster care
- £2,428 / week average for residential care¹³

22. From research from Loughborough University, the cost of a child being looked after by family and friends is 0.842 of the cost of a child in foster care¹⁴. This means a saving of £4018 per child that is looked after by family and friends instead of unrelated foster carers. In 2009, 25,400 children went into care¹⁵.

23. Given two assumptions we can estimate the reduced costs to local authorities from children in care due to this policy:

- These guidelines will lead to 1% of children who would otherwise go into care being looked after by family or friends
- If they had gone into care they would have been put in to foster homes (this is a reasonable assumption as it is unlikely that children who would otherwise be in residential units could be looked after by family and friends)

Given these assumptions, the savings from this policy would be £1.02 million per year. This leads to a discounted value of £8.78m¹⁶.

This figure ignores the wider reduction in costs of services associated with children being in care.

24. We will consult with LAs to determine more accurately what the likely impact of this policy would be on numbers of children going into care.

¹⁰ Farmer E and Moyers S, *Children Placed with Family and Friends: Placement Patterns and Outcomes*, Report to the Department for Education and Skills, School of Policy Studies, University of Bristol (2005)

¹¹ DCSF contextualised key stage 2-4 value added model (2006), available at (http://www.dfes.gov.uk/performance/tables/schools_06/s12.shtml)

¹² Section 52 returns 08/09

¹³ PSS EX1 return for 07/08

¹⁴ <http://www.lboro.ac.uk/research/ccfr/Publications/evidencepapers.htm>

¹⁵ <http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000878/index.shtml>

¹⁶ This analysis is explained in more detail in the annex

Family and Friends Carers

25. This guidance does not directly lead to higher financial support for family and friends carers. However, by making the support that is available more transparent, the guidance might be expected to increase take up of financial support. This is important as 75% of family and friends carers live in hardship¹⁷. This could also lead to the additional benefit of lifting children out of poverty and all the improved outcomes this is associated with.

Consultation

26. The Care Matters Green Paper and a young people's version were published in October 2006. The consultation period ended in January 2007. In April 2007 a summary of the responses received to the Green Paper were published and a separate summary of the responses we had received from young people. The Green Paper consultation identified a number of areas that required greater focus in the White Paper including family and friends care.

27. Responses to the consultation indicated support for the broader Green Paper proposals to encourage and support the use of family and friends care. A response to the Green Paper consultation from a consortium of kinship care lobby groups indicated support for a wide range of improvements to support family and friends carers to address the current inequities. Responses from children and young people particularly highlighted their wishes, where possible, to live with relatives or friends.

Compliance

28. The proposals will be legal requirements.

Specific Impact Tests

Equalities impact

29. A combined equalities impact assessment was completed at Bill stage. This concluded among other things that improved care and pathway planning coupled with improving the choice, standard, and commissioning of placements will ensure that children are better matched to placements that suit their needs. This will ensure the full spectrum of needs, including those related to the quality issues can adequately be provided for. This will benefit all children and will ensure that they are provided with right of personalised care and support taking into account their ethnic, cultural and religious identities.

Environmental and greenhouse gases impact

30. The Regulations and Guidance will have no significant environmental impact including on emissions of greenhouse gases and no significant impact on sustainable development. Neither will they have a differential impact in rural areas or an adverse impact on rural circumstances and needs.

Competition Assessment

31. A competition assessment was completed at Bill stage. This concluded that the provisions would not significantly constrain the market, either by indirectly or directly limiting the range or number of suppliers of their ability to compete. No one firm has more than 10% of the anticipated market, and existing firms will not be at an advantage over new or potential forms. Overall therefore, it has been concluded that the provisions are unlikely to adversely affect competition in the market.

Small Firms Impact Test

32. A small firms test was completed at Bill stage, this concluded that it will not have an adverse impact on small businesses.

¹⁷ Farmer E and Moyers S, *Children Placed with Family and Friends: Placement Patterns and Outcomes*, Report to the Department for Education and Skills, School of Policy Studies, University of Bristol (2005)

Health Impact Assessment

33. Children in care have poorer health outcomes than other young people and are less likely to be in good health as adults. Securing the health and wellbeing of children in care is of fundamental importance as outlined in the Care Matters White Paper a package of measures to promote these outcomes.

34. Provisions in the Act will not directly impact on the health of children in care, although they may impact indirectly on the wider determinants of health, particularly by improving educational attainment for children in care. The impact on outcomes is therefore likely to have positive health implications for this group of children and therefore help to reduce health inequalities. The Act will not however create significant demand on health services, such as primary or hospital care, health protection, accident and emergency services or need for medicines.

Bibliography

- Social Exclusion Unit, Cabinet Office, *A Better Education for Children in Care* (2003)
- Centre for Longitudinal Studies 'The costs and benefits of education children in care' (2002)
- Commission for Social Care Inspection, *The State of Social Care in England 2004-05* (2005),
- Department for Children, Schools and Families, *Care Matters: Time for Change* (2007)
- Department for Children, Schools and Families, *Care Matters: Transforming the Lives of Children and Young People in Care* (2006)
- Department for Children, Schools and Families, *Beyond Care Matters: Future of the Care Population* (2007)
- Department for Children, Schools and Families Contextualised Key Stage 2-4 Value Added Model (2006)
- Department for Communities and Local Government, *Strong and Prosperous Communities*, Local Government White Paper (2006)
- Department of Health, *Promoting the Health of Looked After Children* (2002)
- Farmer E and Moyers S, *Children Placed with Family and Friends: Placement Patterns and Outcomes*, Report to the Department for Education and Skills, School of Policy Studies, University of Bristol (2005)
- Gershon, Peter, *Releasing Resources to the Front Line - Independent Review of Public Sector Efficiency* (2004)
- Gordon et al, *Disabled Children in Britain: a re-analysis of the OPCS disability surveys* (2000)
- Jackson, S, Ajayi, S and Quigley, M, *Going to University from Care*, Institute of Education (2005).
- Meltzer, H and Corbin, T, Gatward, R, Goodman R, Ford, T, *The Mental Health of Young People Looked After by Local Authorities in England*, Office of National Statistics for the Department of Health (2003)
- The Children and Young Persons Act 2008 c23*, printed by The Stationery Office Limited, is available online at http://www.opsi.gov.uk/acts/acts2008/ukpga_20080023_en_1

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	Yes	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annex: Cost-Benefit Analysis

Costs of Children in Care

A child in foster care costs £489 per week or £25,428 per year.

From research from Loughborough University, the cost of a child being looked after by family and friends is 0.842 of the cost of a child in foster care¹⁸.

This means a saving of £4018 per child that is looked after by family and friends instead of unrelated foster carers.

25,400 children enter care every year.

If 1% of those children did not enter care but instead were looked after by family or friends then 254 less children would enter care each year.

$254 \times £4,018 = £1,020,572$ rounded to £1.02m per year

This leads to a PV of £8.78m

¹⁸ <http://www.lboro.ac.uk/research/ccfr/Publications/evidencepapers.htm>