# How has cost benefit analysis developed in children's social care?

**Lisa Holmes – Rees Centre, University of Oxford**

## Introduction

Just over twenty years ago, a seminal text (Beecham, 2000) was published to assist with the estimation of unit costs and application of health economic methods to children's social care (Unit Costs – not exactly child's play). The book provided a detailed 'how-to guide', alongside templates and a glossary to introduce terms such as unit costs and cost effectiveness into the lexicon of children's social care. The publication was also associated with a large-scale national research initiative commissioned by the Department of Health, comprising 13 research studies (Costs and Effectiveness of Services for Children in Need), which were carried out between 1999 and 2004 (Beecham and Sinclair, 2006). The research initiative provided the necessary impetus to establish inter-disciplinary research teams (all were required to include an economist) and opportunities for shared methodological learning. The findings were summarised by the academic leads (ibid) and each project produced a range of outputs, including, to varying degrees, a range of unit costs and cost effectiveness analyses for different part of children's social care. As summarised below, some of these unit costs continue to be used in current analyses and research projects.

This article briefly explores how cost benefit analysis in children's social care has evolved since 2000, drawing on some of the findings from a recent critical literature review (paper currently under review) which focused on studies of cost effectiveness of children's social care in England since 2000. The findings are also considered within the context of and alongside issues highlighted in two articles in recent editions of this annual PSSRU Unit Cost publication, in relation to other service areas (Sach et al., 2018; Weatherly et al., 2020).

### Context

The need for effective and efficient use of limited resources for children's social care has become increasingly pronounced in recent years. Pressures on budgets were highlighted in a report by the National Audit Office (2019) which emphasised that 91% of local authorities had overspent on their children's services budgets. Furthermore, in recent years a range of reviews and sector-led studies have raised concerns about the increased demand for children's social care services (Association of Directors of Children's Services, 2018; Local Government Association, 2018; Thomas, 2018; Holmes, 2021). Against this backdrop the ability to demonstrate cost-effectiveness in service design and delivery and incorporate it in the strategic planning of service delivery have become important for children's services (Molloy et al., 2017). Phrases such as 'value-for-money' appear increasingly frequently in discussions about service procurement and delivery in children's social care, but to understand whether services offer 'value for money' we need a robust evidence base of the cost effectiveness of these services.

### Issues and limitations

As outlined by Sach and colleagues (2018) economic evaluations are only as reliable as the data and methods on which they are based, and our recent, aforementioned critical review considers not only the availability and uses of data, but also how key terms, such as those introduced by Beecham (2000) are used, often interchangeably, and not always consistently, in both the academic and grey literature. Within this article, three overarching issues will be summarised, these relate to: the quality of cost data; measuring outcomes and understanding cost effectiveness.

*Quality of cost data*

The utilisation of costs data in children's social care can be divided into two distinct categories: unit costs derived from primary data collection and secondary use of section 251 expenditure data (Department for Education, 2019). Only a small number of research studies have included the calculation of new unit costs, and most of the primary data collection was carried out as part of the Department of Health Research Initiative (Beecham and Sinclair, 2006). The use of the section 251 expenditure data appears to be more widespread. A range of reports have highlighted limitations of the section 251 data, with a particular focus on inconsistencies in completion between individual local authorities (Freeman & Gill, 2014; Holmes, 2021; Rome, 2017), despite these limitations usage is frequently attributed to a lack of empirical unit costs. Furthermore, many published studies lack the necessary transparency in how the cost data are derived and subsequently used, this limits the potential for replication. This aligns with the findings from the systematic review summarised by Weatherly and colleagues (2020).

*Measuring outcomes*

A fundamental challenge in children's social care is that it is difficult to define all intended outcomes in such a manner that facilitates attribution of a specific service, or type of support to outcomes. The complexities associated with the attribution of outcomes were recently highlighted by Parr and Churchill (2020). With a focus on the learning from the Troubled Families Programme, they argued that the needs, services and outcomes of families need to be viewed holistically, and that there is a myriad of socio-economic factors that are outside of the control of local authority children's services departments. Furthermore, in a recent attempt to develop an outcomes framework for children's social care, La Valle and colleagues (2019) highlight the complexity of the wider systems in which children's social care services operate and the impact this has on attribution of outcomes. They also argue that many outcome indicators routinely used in children's services are outputs, for example, rates of re-referrals, rather than outcomes. Ultimately, if outcomes are not attributable, then any resultant cost-effectiveness analysis is speculative and of limited value. A substantive gap in the assessment of outcomes in children's social care is the inclusion of longer-term outcomes. Incorporating the long term perspective in evaluations of children's social care, whereby benefits, both financial and societal are not realised for some time, are often lacking (Bowyer et al., 2018; Chowdry and Fitzsimons, 2016; Ward et al., 2008)

*Understanding cost-effectiveness*

There is an overriding premise that diversion from care is a positive outcome and is also cost effective, for example potential costs avoided associated with a reduction in the number of children being placed in care. This perspective also aligns with much of the research focused on early intervention (Stalford, 2019) and considers coming into care analogous to late intervention and therefore costly. However, Ward and colleagues (2008) showed that the premise does not necessarily reflect the complexity of the care system and an understanding of the services that might have been provided prior to a placement in care. In their research, focused on care pathways, they identified that children with the most complex needs who were placed in care later in their adolescence had worse outcomes and more costly care pathways compared to those who came into care earlier in their lives. This finding does not dispute the potential benefits associated with diversions from care, but indicates the necessity to take a longitudinal perspective, and to consider children's social care services holistically. Furthermore, Feinstein and colleagues (2017) indicate that many studies refer to the costs to the government (nationally and/or locally) without giving sufficient consideration to the social or economic costs related to the wellbeing of children, and their families.

## Innovation in children's social care

The reference point for this article is the commencement of the Department of Health research initiative and publication of Beecham's 2000 text. Despite the limitations, and to a certain extent, lack of progress in some areas, outlined above, we have almost come full circle with a recent national government funded initiative (Department of Education Children's Social Care Innovation Programme) focused on new innovations and practices in children's social care initiative, and the cost effectiveness of these. The Department for Education programme took place over a six-year period (2014-2020) and comprised of 57 projects in Round One, and of a further 50 projects in Round Two. An emphasis was placed on the inclusion of cost-effectiveness analysis across all the evaluations (Fitzsimons et al., 2020a; Sebba et al., 2017). Despite this requirement, both evaluation summary reports (ibid) highlighted the use of speculative, hypothetical future savings rather than directly attributable, substantial cost savings. They also highlighted that many of the evaluations lacked the necessary comparison groups to facilitate cost effectiveness analyses. Even with these limitations the programme facilitated a comparative approach to examining the cost inputs for a range of new interventions, and these are now usefully collated in this volume (first included in 2018, schema 6.2).

## Conclusion

It is evident from the issues and limitations briefly introduced in this article that children's social care as a sector still has some way to go in the development of cost effectiveness studies that provide the necessary rigour and transparency to support replication. Considering these issues within the context of other service areas, and recent articles such as those by Sach and colleagues (2018) and Weatherly and colleagues (2020) serve as a useful reminder that there is some learning that could still be transferred from health and adult social care, while recognising and embracing the intrinsic complexities of children's social care. For example, Weatherly and colleagues (2020) provide a useful summary of outcome measures included in adult social care economic evaluations, and the consistency of measures, including the focus on QALYs suggest some future learning for children's social care. Furthermore, the recently published HM Treasury supplementary guidance

(2021), sets out approaches to measuring wellbeing, which have potential to be incorporated systematically into future children's social care evaluations, and cost effectiveness analyses.

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