



investing to save...

...why it's important to **invest**
in **placement services** for
looked after children

information and examples

for local authority elected members

who is this leaflet for?

This leaflet is written for local authority elected members.

Its aim is to help you, as councillors, think about some of the challenges facing the looked after children system and how you might be able to run placement services within your own authority more cost-effectively. It will also help you make sure that services meet the individual needs of all children and young people in your authority's care.

The leaflet profiles four successful **invest to save** strategies in different parts of England. The profiles include contact details for officers running those schemes, who your own officers may find it helpful to talk to.

what is an **invest to save** strategy?

An **invest to save** strategy is a coherent, planned approach to investing in the development of appropriate placement services for looked after children, in order to ensure that unnecessary expenditure is avoided and that available resources are used most efficiently for the long-term benefit of children, young people and their families.

The savings made will generally be relative savings, rather than absolute savings. In other words, as in Cheshire, the business case is the reduction in costs that would otherwise have been incurred by an authority, rather than an overall net reduction in a children's services budget. Costs may still rise; but they will not rise so steeply.

why might my authority need an **invest to save** strategy?

More and more children are entering the looked after children system, many with challenging and complex needs. This national trend presents a formidable challenge for local authorities in fulfilling their role as responsible corporate parents to children in their care.

Authorities will struggle to provide the most appropriate placement to meet the needs of each individual child unless a full range of support and preventive services is in place. In particular, if the range of provision is limited, authorities may find themselves spending more and more money providing ad hoc placements that are not ideal or could be provided at a lower cost.

So unless the looked after children system is managed carefully, based on a clear-sighted and long-term perspective that takes realistic account of local and national trends, costs can easily spiral. This can lead to more and more expense for local authorities, yet weaker and more fragmented services; and crucially, to poorer long-term outcomes for children and young people.

Of course, many authorities are already operating **invest to save** principles in some areas of placement service provision. For example, many are investing in more support services for foster carers, or in improved remuneration packages for foster carers, in an effort to recruit and retain more carers and thereby avoid expenditure on unnecessary external placements.

This leaflet describes how four local authorities have applied **invest to save** principles sometimes working alongside other agencies or developing forward-looking **invest to save** strategies across the looked after system or children's services as a whole.

what makes an **invest to save** strategy successful?

Although **invest to save** strategies vary in their size and scope, they can be characterised as commonly following one of two broad approaches: strategies that use pump-priming funding, sourced externally or internally, to develop services; or strategies based on making internal savings over time to fund gradual service improvements. Whichever approach is used (and some strategies use a combination of the two), running a comprehensive and sustainable **invest to save** strategy is not easy. Particular care needs to be taken, for example, to ensure that initiatives are genuinely led by good practice and the needs of individual children, rather than by financial considerations alone.

Above all, experience suggests that **invest to save** strategies work best when they operate across the whole of children's social services rather than just one part of it, because changes made to any one part of the system inevitably impact elsewhere.¹

¹ A helpful paper by John Brown outlining the common components of **invest to save** strategies in the North-East of England is available on the DfES Choice Protects website at www.dfes.gov.uk/choiceprotects

Experience also suggests that:

- achieving sustainable change is likely to take time – a three to five-year investment timetable may be realistic – but the investment of time, energy and financial resources now can produce significant savings in the years ahead
- multi-agency planning forums, with clear funding agreements and commonly owned objectives and strategies, are more likely to be able to drive forward sustainable change
- short-term solutions to financial problems should not be implemented at the expense of preventive work – this will only lead to further problems in the future
- children's needs are many and diverse, so investment in placement services for looked after children should ensure provision of a broad range of different types of service

- the development and maintenance of clear protocols for entry into the looked after system are essential for the effective targeting of resources
- strategies should include a trend analysis of the numbers of children looked after and an assessment of the impact on projected savings of any variance in the numbers of looked after children.

In terms of more detailed policy, the evidence from **invest to save** strategies also suggests that:

- creating specific posts dedicated to the recruitment (and training) of more foster carers and adopters can help to generate increased recruitment rates, as can the use of outside marketing experts to help reach more prospective carers and adopters
- the development of ‘family and friends’ care policies and budgets, use of family group conferencing and increased family support assistance can all help local authorities provide better support for family and friends placements, thereby increasing the pool of placement options
- a viable foster care service that offers real placement choice will depend, in part, on the availability of wide-ranging support to foster carers – out-of-hours support, multi-agency sponsored training, advice and helplines, mentoring schemes, support groups and respite care
- auditing the needs of black and minority ethnic children can help councils to develop improvements in the services provided to those children and their families
- the health and education teams for looked after children that are in place in most local authorities can be used as a focal point for providing improved multi-agency support and training for residential and foster care placements, thereby promoting greater placement stability.

investing to save in Cheshire

Cheshire County Council was one of the first authorities to implement an **invest to save** strategy across its foster care system, and in 2001-2002 became one of only two councils to be awarded Beacon Council status in the foster care category.

The council's strategy was developed in response to a local review of foster care services commissioned in 1999. Once Best Value requirements were introduced into local government, however, councillors decided to use the review also as the basis for a pilot Best Value review of fostering services.

In order to ensure objectivity, a comprehensive perspective and broad ownership of its findings, a 'challenge group' was formed comprising three senior officers not involved in fostering services, three managers of the fostering service, two foster carers, a placing social worker, a young adult who had lived in foster care, a policy manager, two councillors and three external reviewers.

The group concluded that Cheshire had insufficient foster care places to offer effective placement choice, and that recruitment and retention of foster carers was inadequate. Unless the range of in-house provision was increased, the council faced having to spend increasing amounts on inappropriate and expensive services and external placements; 'meltdown' was thought to be a real possibility.

Central government funding (Quality Protects) and local government funding (Cheshire's Medium Term Strategy) were used to fund a £1.8 million **invest to save** strategy covering a range of practical actions. These included:

- a skills-based fee structure
- the appointment of a placement co-ordinator to identify placements for children referred
- provision of out-of-hours support to carers

- the appointment of a specialist recruitment officer to develop a local marketing strategy and oversee the recruitment of foster carers.

Apart from the undoubted benefits for children, the main business case for the strategy was comparison with alternative future cost scenarios. Without the investment, Cheshire faced an estimated additional expenditure of £3.6 million on placements for looked after children over the next three years. With the investment, the strategy was calculated to produce a potential net cost avoidance of £1.8 million. The strategy also resulted in improved recruitment of foster carers; 64 new foster families were approved during 2003. As a result, fewer children have been placed inappropriately in external placements.

contact: Doug Lawson or Paul Mossman
e: fostering@cheshire.gov.uk t: 01244 603421

investing to save in Durham

In April 2002, Durham launched a comprehensive three-year **invest to save** strategy. Its impetus was the rising cost of external placements and the need to wrest a potentially runaway overspend back under firm control. Without such a strategy, the council faced an overspend of £1.5 million on its looked after system budget in 2002-2003. The prospect for later years would have been even more stark.

The strategy focuses on activity across the whole of the children's services branch, integrating six related work strands, with clear objectives set for each and all supported by a clear financial model. Objectives cover investment in in-house provision, including more foster placements and more effective residential care; investment in other preventive services, including increased spending on children in need; and an improved entry system into care to ensure appropriate placements.

A vital component was the early implementation of short-term budget balancing measures, such as moving children into more cost-effective placements and the adoption of rigorous gate-keeping procedures for children entering the looked after system. In the first year, these measures led to a reduction in costs of £1.4 million and were supported by a planned programme of key investments in a range of successful preventive initiatives.

Preventive initiatives included opening an overnight emergency children's unit managed by the emergency duty team. The unit provides a 24/7 service of integrated family support and dedicated out-of-home residential provision. Its first year saw a 58 per cent drop in out-of-hours emergency admissions to public care.

Other measures included a short-term teenage fostering placement scheme to increase the number of children who return home; a Treatment Foster Care scheme developed with seed funding from the DfES; and an innovative scheme working with children on the verge of a placement breakdown.

But Durham's experience suggests that running an effective strategy is not straightforward. Changes in any one part of the system invariably impact elsewhere; and the temptation of quick-fix measures to achieve short-term savings must be resisted if they are at the expense of preventive services. In particular, care must be taken to ensure that initiatives are genuinely good practice led, rather than merely finance led.

Nevertheless, real progress has been made. Services are now pulling together, efficient gate-keeping has been sustained and there is a clear rationale for all placements. And investment in local services means all placements of younger children are now being provided in-house.

contact: Meg Boustead

e: Meg.Boustead@durham.gov.uk t: 0191 3834542

investing to save in Bristol

Statutory agencies in Bristol found themselves in a catch-22 situation. Research indicated that a local preventive service could reduce the escalating costs of out-of-authority placements for children with complex needs and challenging behaviour, and improve outcomes for children; but with budgets already fully committed to funding existing placements, there was insufficient money to cover the start-up costs of a sustainable and comprehensive preventive service.

Agencies were able to divert £450,000 over two years from the local CAMHS (child and adolescent mental health services) budget to set up a new in-house specialist assessment and intervention service. However, in an effort to fund a more comprehensive and long-term solution, the social services and education departments of Bristol City Council, together with Bristol North Primary Care Trust and Bristol South West Primary Care Trust, submitted a joint bid to the ODPM **invest to save** Budget (ISB).²

The result is that from April 2004, Bristol has been awarded three years' funding to help pump prime a new service known as Bristol's Collaborative Service (BCS). All three statutory partner agencies have undertaken to reinvest savings directly into BCS.

Design of BCS was determined by research, which included the views of nine local young people with experience of out-of-authority placements. It found that these placements, which could be as far away as North Wales, Cornwall and Kent, left children feeling isolated and vulnerable, led to placement breakdown and often failed to provide the necessary therapeutic intervention.

The new service comprises a multi-professional co-located team working to prevent family, foster and adoptive placement breakdown by providing 'wrap-around' services which assess and support children and their carers in their current living environment.

² The ISB is a Treasury initiative to fund projects in which two or more public bodies work together to deliver services in an innovative way.

It includes a small residential service where specialist intensive assessment and flexible interventions can be delivered, which are intended to return children to their community with ongoing one-to-one support. And BCS will also provide specialist placements in the community with trained and well-supported professional carers.

Reduction in out-of-authority placements is expected to lead to savings of £0.4 million in 2005-06, and more than £0.5 million in 2006-07, all of which will be reinvested in BCS, enabling the service to expand and help more children.

contact: Frances Matchett

e: frances_matchett@bristol-city.gov.uk t: 0117 903 7944

investing to save in Essex

In April 2002, Essex County Council launched a long-term **invest to save** strategy to develop its in-house fostering placement services.

Over the next eight years, the strategy was designed to redirect money saved through a year-on-year reduction in out-of-county foster placements into family support and preventive services. By April 2010, the strategy is set to have freed up a projected total of £1.8 million for reinvestment.

Launch of the fostering strategy followed careful analysis by officers and members, who concluded that a long-term solution was needed to the council's shortage of foster care placements – including an acute shortage of experienced carers qualified to look after children with complex needs and adolescents. The profile of placement supply needed to change significantly.

The strategy, which involves a rolling six-monthly recruitment drive and a significant increase in the number of fee-paid carers, provides for the recruitment of new foster carers at a net gain of 25 each year, as well as for progressive training and development. By 2010 there will have been a 50 per cent increase in the overall number of carers;

and crucially, one in two foster carers will be highly trained specialist fee-paid carers able to care for children with very complex needs. Other features of the strategy include the appointment of a full-time data administrator to improve understanding of the complex dynamics between demand and supply across the local foster care system.

In April 2004, the Council also approved a complementary five-year **invest to save** strategy for residential services, which will generate estimated savings of around £13.3 million over the next 12 years. Aligned with Essex's education provision for these children, the strategy is designed to address three main issues: that children do not want to be placed miles from their family and friends; that children placed locally have better long-term outcomes; and that investment in in-house resources will, over time, save money by reducing the need for purchasing expensive external placements. It will increase the number of residential beds in Essex by 34 and, crucially, change the type of provision provided to meet the increasingly challenging needs of children placed in residential care.

Contact: Sue Cook

e: sue.cook@essexcc.gov.uk t: 01245 434810



acknowledgements

The **invest to save** strategies featured in this leaflet have been developed by local authorities who responded to written requests from **research in practice** for information on strategies developed during the last four years.

There is a wide range of **invest to save** initiatives in place across services for looked after children, with considerable variation in their size and scope. It is not possible to profile all those who responded to the request for information, but the experiences of **invest to save** strategies other than those explicitly featured have contributed to the development of this leaflet.

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