

# Outline Economic Impact Assessment of the Cornerstone Partnership

Interim assessment of Adopt Berks casework  
experience to December 2015

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# About

This document summarises the findings of an Outline Economic Impact Assessment conducted on the first 9 months of business of The Cornerstone Partnership, in 2015

Cornerstone is a social enterprise and limited company, sponsored by the Department for Education, whose mission is to help adoption agencies (local authority and voluntary) to recruit and support parents for children waiting to be adopted.

The Cornerstone Partnership achieves this through three activities:

- 1. Recruiting parents**
- 2. Training parents (in Dyadic Developmental Theory parenting)**
- 3. Providing mentoring from experienced adopters**

Here we summarise the cost-benefit of The Cornerstone Partnership to date, and explain our methodology. We have made a prudent analysis, and make clear how that prudence is realised, and the assumptions which underlie the costing calculations.

# Outcomes

The Cornerstone Partnership success is measured against seven outcomes:

1. Children placed for adoption, each of which would otherwise have remained a Looked After Child
2. Sustained adoptive placements where the placements would otherwise have disrupted (broken down) and the children returned to status as Looked After Children
3. Faster adoption placements
4. Parents placed more quickly with children
5. Improved confidence and preparedness of prospective and current adoptive parents
6. Parents who have been encouraged by becoming aware of the need and the possibilities (with support) to adopt children of increased ages or otherwise complex needs, than they had previously considered
7. Parents who have been taken up by external local authorities in return for the Inter-Agency Fee (IAF)

Throughout this evaluation (with the exception of Outcome 7) it is assumed that 50% of the value delivered is attributable to the Local Authority's involvement. This assumption has not been tested.

# Cost benefit findings: summary of savings created

Outcomes	Upper range cost savings (£000)	Lower range cost savings (£000)	Explanations of Variations between upper and lower ranges	Other un-evaluated gains: an outline view
1. 8yr old placed	172	172		
2. Disruptions prevented (2 children)	762	612	Following intervention, whether the placement is more or less vulnerable to future disruption.	For child: SEN; future criminal justice diversion and costs of other risk-taking behaviours, (e.g. drug and alcohol abuse); mental health services. However, possible losses due to Secondary PTSD within the family; reduced earning capacity of parents; and impact of possible disruption on immediate and wider family.
3. Children placed more quickly (14 children)	1,192	187	Whether placements were 6 or 12 months faster. Whether the local authorities would otherwise have had to: pay Inter-Agency Fee; train new parents; keep the children permanently in fostering.	Potential for greater gains to be made for child through addressing issues earlier and more effectively in: SEN; future criminal justice diversion and costs of other risk taking behaviours, such as drug and alcohol abuse; mental health services, especially those relating to anxiety and stress. Potential for difference in addressing these wider gains at all, if placement for these children would not otherwise have happened
4. Parents matched more quickly (5 couples/single parents)	0	0	Not costed because it's counted in the above outcome	Assuming child wouldn't have been matched otherwise, probable gains to be made for child in: SEN; future criminal justice diversion and costs of other risk taking behaviours, such as drug and alcohol abuse; mental health services, especially those relating to anxiety and stress.
5. Prepared parents (43)	0	0	Not costed	Probable gains to be made for child in: SEN; future criminal justice diversion and costs of other risk taking behaviours, such as drug and alcohol abuse; mental health services, especially those relating to anxiety and stress. Probable gains to parents in reduced impact of Secondary PTSD post placement, and reduced impact of placement on earning capacity.
6. More complex matches (3 children)	851	851		Probable gains to be made for child in: SEN; future criminal justice diversion and costs of other risk taking behaviours, such as drug and alcohol abuse; mental health services, especially those relating to anxiety and stress.
7. Parents transferred (2 couples/single parents)	68	68		Possible gains to external local authorities if the children placed would otherwise remain Looked After Children and share those life chances, as above.
<b>TOTALS</b>	<b>3,045</b>	<b>1,890</b>		

# Costs counted

We have calculated costs from three primary areas:

## 1. Fostering cost savings

- We have assumed that the alternative to adoption placement is the cost of a Looked After Child remaining in local authority fostering. This is a prudent comparison: local authority fostering is one the cheapest accommodations, and due to lack of capacity and lack of specialism some children are accommodated in other facilities (including the voluntary and private sectors) which may be more expensive.
- These costs are based on the PSSRU annual *Unit Costs of Health and Social Care*. Uplifts have been applied, as explained further in the accompanying Methodology report
- We have also applied inflation and discounted cash-flows

## 2. NEET (young people not in education, employment and training) cost savings

- We have used NEET costs as the primary indicator of the different life outcomes for a Looked After Child as opposed to a child adopted because
  - Personal economic circumstance substantially effects all other life chances
  - There is a significant and well-cited body of research on the costs of NEET in the immediate and longer-term
- Our NEET costs include immediate JSA payments, as well as relative lower earnings until age 42, as drawn from *The Cost of Exclusion, 2007*, commissioned by The Prince's Trust
- Using local authority datasets, we have calculated the current probability difference in NEET status between general population young people and Looked After young people, as 43.67%

# Costs counted (continued)

## 3. Disruption costs

- We have calculated the increased likelihood of an adoption placement disrupting (breaking down) and the child subsequently returning to the costs of local authority fostering, and NEET costs stemming from that status
- Disruption risk is a significant potential cost, and increases with complexity and age of the child placed, as well as length of time child has been in care and awaiting adoption placement
- We have assumed a 19% risk of disruption for placements, and raised and reduced this probability by factors of 0.5 to reflect known changes to a child's needs
- This 19% is based on *The Adoption of Children from Public Care: A Prospective Study of Outcome in Adolescence*, 2006, Academy of Child Adolescence Psychiatry, by Rushton, A and Dance, C
- This 19% falls within the middle of the considerable range of estimates on disruption rates, from 2-50% (from the 2014 Department for Education report by Julie Selwyn et al, *Beyond the Adoption Order: challenges, interventions and adoption disruption. Research report*)

# Costs not counted

We have recognised but not calculated a number of significant potential costs, all of which are statistically affected by a child being Looked After, or being adopted.

The areas not costed include effects on the child in the short, medium, or longer term in:

- Special Educational Needs, related to developmental delay and disruptions
- The criminal justice system in adolescence and childhood
- Other risk areas in adolescence and adulthood, stemming from trauma and attachment difficulties:
  - Sexual health risks
  - Drug and alcohol abuse
  - Homelessness
  - Mental health in adolescence and adulthood, especially related to anxiety, PTSD, and stress

We have not costed these because:

- This evaluation focuses upon the gains in certain specified outcomes areas, with a focus on savings to commissioners and certain limited areas of wider gains
- University of Sussex are currently conducting a more in-depth study into The Cornerstone Partnership, and this may produce evidence in early 2016 which is sufficient to make assumptions against some, or all, of these areas

# Assumptions underlying calculations

We have assumed the following:

- The Cornerstone Partnership can claim 50% attribution for all savings identified
- That the alternative life course for a child if they're not adopted is local authority fostering, and the costs associated with that
- That the most predictable and relevant medium term cost saving associated with the difference between adopted outcomes and Looked After Child outcomes, are the costs associated with NEET
- That children adopted after the age of 4 years old have complex needs, and therefore the probability of adoption placement breaking down are higher
- That the normal rate of adoption placement breakdown (disruption) is 19% - a conservative mid point between wide-ranging evidence that puts rates between 2-50%

# Outcome 1

## 8 year old boy placed for adoption who would not otherwise have been placed

- Fostering costs saved (minus 38% probability of placement disruption) = £156,722.36
- NEET costs saved both in JSA and longer term earnings disadvantage, and based on the Adopt Berks area weighted average of Looked After Children NEET statistics = £15,388.80

**Total** saved by these child being placed with a prudent estimate of a 62% probability of placement being sustained is **£172,111.16**

# Outcome 2

## 2 disruptions prevented

We have assumed that these placements would definitely have broken down without intervention, and the child returned to Local Authority fostering

In the first variation we have assumed the placement sustains but with a lower chance of future disruption

In the other we have assumed the placement sustains but with a higher chance of future disruption

Variation one fostering + NEET savings = **£761,917.73**

Variation two fostering + NEET savings = **£612,482.16**

# Outcome 3

## 14 children have been matched more quickly

The assumptions here form a 2 x 2 matrix:

- The first axis considers two bands: that the speeding-up is by six months, or by twelve months
- The second axis considers two variations in the alternative that would otherwise have occurred:
  - **The child stays permanently in foster care to their majority**
  - **The Local Authority has to “buy in” alternative parents at Inter-Agency Fee cost**
  - **The Local Authority has to train other parents for these children**

	Band A: 6 months faster	Band B: 12 months faster
Variation 1; child remains LAC	595,981.84	1,191,963.68
Variation 2: IAF paid	186,791.64	373,583.28
Variation 3: new parent recruited & trained	192,629.64	385,259.28

- This would have given us a range of **TOTAL** costs from **£186,791,64 - £1,191,963,68**
- The highest value arises if the child does not otherwise get placed, which reflects the possibility that that child would not have found these, or another, parent, and an alternative plan selected for them during the time it took to wait. An alternative view could be that this child would have to wait for a proportion of that period, at a cost of around £45k per annum for extended fostering, which would bring the peak figure of £1,191k down to £400k. However, the conclusion on the next page should be noted, meaning that, if parents would otherwise through the delay have walked away, then that fall will not be as low as £400k, but to around £700k only.

## Outcome 4

### 5 parent couples/singles have had children placed with them more quickly

- We have avoided double counting by assuming all the children matched more quickly (outcome 3) were matched with all the parents matched more quickly (outcome 4)
- Therefore there are no additional savings associated with this outcome

The alternative view here is that otherwise the parents would have given up and walked away. In this event there are two views of cost:

1. Parents are a plentiful resource (which is statistically true in the present “market” in which there are more parents seeking children than there are young children, with total adoptions having fallen 50% or more, and more in the harder-to-place category) so there is no cost other than retraining others
2. Parents are a valuable resource once trained through Cornerstone or similar, and so may be able to take and successfully parent children that otherwise could not be placed, in which case the placements would in net terms fall if parents are lost. This would mean that the peak fall from £1,191k can only come down to around £700k, rather than the lowest limit of £400k.

# Outcome 5

## 43 parents are more confident and better prepared

- At this stage it is too soon to be able to value the cost benefit of this impact
- However we do know as a result of the training 11% of the parents said they are now willing to take on a child with more complex needs
- All parents said they would alter their parenting as a result of the training

# Outcome 6

## 3 children with more complex needs

- We have assumed these children wouldn't have been placed at all without intervention
- We have assumed that these placements are 1.5 times more likely to disrupt than other placements because of their more complex needs

	Fostering costs per annum	Complex needs additional cost per annum	Years applied	Sub-total	Probability of disruption	Halved for attribution	TOTAL
Child 1	45,125.26	-	15.00	676,878.90	483,968.41	241,984.21	806,524.46
Child 2	45,125.26	-	15.00	676,878.90	483,968.41	241,984.21	
Child 3	45,125.26	5,000.00	18.00	902,254.68	645,112.10	322,556.05	

## Outcome 7

**2 parents/singles transferred to external local authorities for payment of the Inter Agency Fee**

The IAF is £27,000 per couple / single parent

We have assumed 1.25 children adopted per parent couple / single

After attribution of 50% we have a **TOTAL £33,750**

# Conclusion

**Cost savings to date attributable to the seven outcomes achieved by The Cornerstone Partnership in their first nine months of operation are between £1,890,215.02 and £3,044,822.63**

**These savings are prudent, based primarily on immediate fostering costs saved to local authorities; and the medium and longer term implications of NEET probability**

**Further research will likely reveal additional savings attributable to the seven outcomes (for example, mental health, SEN, criminal justice) and therefore increase the cost benefit calculated here**

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