

Summary: Intervention & Options

Department /Agency: Department for Children, Schools and Families	Title: Impact Assessment of Children and Young Persons Bill	
Stage: Final	Version: #1.1	Date: 26/6/2009
Related Publications: Care Matters: Time for Change		

Available to view or download at:

<http://www.betterregulation.gov.uk>

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

Outcomes for children in care are strikingly poor. In 2006:

- 12% gained five GCSEs at grades A*-C, compared to 59% of all children;
- over 30% of former care leavers were not in education, employment or training at age 19, compared with 13% of all young people;
- children in care were two and a half times as likely to be cautioned or convicted of an offence as other children.

What are the policy objectives and the intended effects?

The Bill reforms the statutory framework around the care system to:

- enable children and young people to receive high quality care and support and give children a far more positive and supportive experience of care;
- drive improvements in the delivery of services focused on the needs and wishes of the child;
- increase positive outcomes for children in and leaving care.

Achieving these objectives is essential in order to address the social exclusion of this uniquely vulnerable group.

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

Two options have been considered:

- (1) to make no legislative change or
- (2) to implement policies via legislative change through this Bill.

The only clear benefit of the status quo is the avoidance of up-front gross costs. However, the evidence indicates that doing nothing is neither an affordable nor a socially desirable option. The fundamental problems affecting the care system would remain, and the associated costs would continue to increase.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Policies implemented through the Bill will be reviewed as part of the ongoing monitoring of the wider Care Matters programme. A detailed implementation plan will be published later in 2008.

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: Implementation of the CYP Bill	Description: As outlined in the evidence base.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Costs of implementing CYP Bill measured over the period of the CSR 2008-11 with additional one-off transitional costs. See the evidence analysis for a further breakdown of costs.
	One-off (Transition) Yrs	
	£ 2.8m	
	Average Annual Cost (excluding one-off)	
£ 22.06m	Total Cost (PV)	£ 68.89m
<p>Other key non-monetised costs by 'main affected groups'</p> <p>Provisions in the Bill are largely focused on public sector reforms and will not have significant cost implications for the private and voluntary sector</p>		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' Amount below estimates discounted lifetime benefit of reducing the incidence of children in care moving schools in year 10 to 3% as in the general population (assuming 60,300 children in care currently). This is a conservative lower bound estimate based on the economic impact of a single provision in the Bill on educational attainment.
	One-off Yrs	
	£ 0	
	Average Annual Benefit (excluding one-off)	
£ 32.57m	Total Benefit (PV)	£ 97.7m
<p>Other key non-monetised benefits by 'main affected groups' The monetised benefits above are based on a single provision in the Bill and do not take into account the wider benefits of school stability and improved educational attainment, or the impact of other provisions in the Bill on educational attainment, improved health status and reduced criminal activity.</p>		

Key Assumptions/Sensitivities/Risks Benefits of improving outcomes for children in care, particularly the impact of reducing abuse and neglect and providing a stable and secure environment, are difficult to quantify given current data. However, potential benefits, both to the individual and in terms of reduced public expenditure, are significant.

Price Base Year 2007	Time Period Years 3	Net Benefit Range (NPV) £ N/A	NET BENEFIT (NPV Best estimate) £ N/A
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What is the geographic coverage of the policy/option?	England and Wales				
On what date will the policy be implemented?	On Royal Assent				
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)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro N/A</td> <td style="width: 25%; text-align: center;">Small N/A</td> <td style="width: 25%; text-align: center;">Medium N/A</td> <td style="width: 25%; text-align: center;">Large N/A</td> </tr> </table>	Micro N/A	Small N/A	Medium N/A	Large N/A
Micro N/A	Small N/A	Medium N/A	Large N/A		
Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Yes/No</td> <td style="width: 25%; text-align: center;">Yes/No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	Yes/No	Yes/No	N/A	N/A
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 Summary

1. Outcomes for children in care are strikingly poor. For example, in 2006:
 - 12% of children in care gained five GCSEs at grades A*-C, compared to 59% of all children¹;
 - 29% of former care leavers were not in education, employment or training at age 19, compared with 13% of all young people²;
 - children in care are three times more likely to be subject to a final reprimand or warning or convicted of a crime than other children³.
2. The factors that contribute to these poor outcomes are complex, reflecting the children's pre-care experiences and personal needs. For example:
 - 62% of children enter care because of abuse or neglect, which has a profound impact on a child's development⁴;
 - 45% of 5-17 year olds in care are assessed as having a mental health disorder – four times higher than for other children⁵;
 - 28% of children in care have a statement of special educational needs (SEN), compared with 3% of all children⁶.
3. In addition, evidence suggests that expenditure on children in care is escalating disproportionately – but with no corresponding improvement in outcomes:
 - between 2000-01 and 2005-06 expenditure increased in nominal terms by almost £247m (36%) for residential care and by £414m (75%) for foster care. Nearly £2bn a year is spent by local authorities in England on placements alone at present;
 - the level of spend varies significantly both between local authorities and between placements;
 - there is no clear link between spend and outcomes or spend and star ratings of either the local authority or children's services.
4. Government has previously taken action to improve outcomes for all children, including those in care, through the *Every Child Matters* reforms introduced in 2003. Government has

¹ Statistical First Release, 26 April 2007, DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2006, England available at: <http://www.dfes.gov.uk/rsgateway/DB/SFR/s000727/SFR17-2007.pdf>

² Statistical First Release, Children looked after in England, 31 March 2007, DCSF, SSDA903 return, published 20 September 2007, available at <http://www.dfes.gov.uk/rsgateway/DB/SFR/s000741/index.shtml>

³ Statistical First Release, 26 April 2007, DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2006, England available at: <http://www.dfes.gov.uk/rsgateway/DB/SFR/s000727/SFR17-2007.pdf>

⁴ Children looked after in England, 31 March 2006, DCSF, SSDA903 return, published 20 September 2007, available at <http://www.dfes.gov.uk/rsgateway/DB/VOL/v000721/index.shtml>

⁵ *The Mental Health of Young People Looked After by Local Authorities in England*, Meltzer et al (2002)

⁶ Statistical First Release, 26 April 2007, DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2006, England available at: <http://www.dfes.gov.uk/rsgateway/DB/SFR/s000727/SFR17-2007.pdf>

also acted specifically to help children in care – in particular via the *Quality Protects* initiative to improve the management and delivery of children’s social services (and especially services for children in care); the Social Exclusion Unit’s report⁷ on the education of children in care; and the Children (Leaving Care) Act 2000. As a result, outcomes overall have improved – e.g. 12% of children in care for at least a year achieved at least five good GCSEs in 2006, compared with only 7% in 2000⁸. However, improvements are at far too slow a rate to reduce the gap in achievement and life outcomes between children in care and their peers.

5. Stakeholders and those in or leaving care agree that despite these helpful interventions problems persist and things still go wrong throughout the care system. The problems include:

- too many changes of placement; placements not matched to needs; poor standards in residential care;
- not all schools well equipped to support children in care effectively;
- an abrupt start to adult life, and at a much younger age than their peers;
- too many adults with a say in a child’s life but little real accountability and too few opportunities for the child’s voice to be heard.

6. Indications are, therefore, that Government intervention to date has been too piecemeal to deliver the fundamental change which is necessary; and that a comprehensive intervention across the system is now needed.

7. If Government does not now address in a systematic and comprehensive way the problems that are evident throughout the care system, a significant proportion of children in care will continue disproportionately to experience poor outcomes in life, both as children and later as adults. For instance, they are likely to continue to be not in education, employment or training (NEET), experience mental health problems, enter the criminal justice system, become homeless or become a teenage mother – with the disproportionate associated social costs. The gap between children in care and their peers would remain huge. These children would not enjoy the five *Every Child Matters* outcomes which they have every right to expect and to which the Government is committed to securing for all children.

Content of the Bill

8. The Children and Young Persons Bill aims to reform the statutory framework around the care system. It forms part of the wider package of reforms aiming to improve outcomes for children in care and set out in the White Paper *Care Matters: Time for Change*. The White Paper built on responses to the earlier Green Paper *Care Matters: Transforming the Lives of Children and Young People in Care* and the conclusions of four working groups established to advise the Government on best practice in supporting those in care.

9. This impact assessment of the Bill builds on the two previous assessments which accompanied the Green and White Papers. Annex B contains an equalities impact assessment, which consider the implications for disability, ethnicity and gender equality of the Bill and builds on previous equality impact assessments completed for the Green and White Papers.⁹ This assessment is influenced by a number of factors: firstly that there will be no significant changes

⁷ *A Better Education for Children in Care*, Social Exclusion Unit, Cabinet Office (2003)

⁸ Statistical First Release, 26 April 2007, DCSF, Outcome Indicators for Looked After Children: Twelve Months to 30 September 2006, England available at: <http://www.dfes.gov.uk/rsgateway/DB/SFR/s000727/SFR17-2007.pdf>

⁹ Available at http://www.dfes.gov.uk/publications/timeforchange/docs/timeforchange_IA.pdf, http://www.dfes.gov.uk/publications/timeforchange/docs/timeforchange_EIA.pdf and <http://www.dfes.gov.uk/consultations/conResults.cfm?consultationId=1406>

in the children in care population¹⁰ and secondly that the children's services workforce has the necessary skills and experience to deliver. The wider *Care Matters* programme should help ensure this is the case, in particular the workforce reform programme¹¹ and the improvements to foster care training and support.

10. In the following analysis, the separate provisions relating to children in care in the Bill have been grouped into six overarching themes – social work practices, care planning and reviews, education, placements, supporting children in their families and transition into adult life. The objective in doing so is to provide a coherent picture of what the separate provisions in the Bill aim to achieve, how they fit within the wider *Care Matters* programme and how, collectively, they will improve outcomes for children in care.

11. The Bill also includes two additional provisions designed to improve the ability to safeguard children - extending the sunset clause which enables the introduction of a private fostering registration scheme and creating a statutory gateway for notifying Local Safeguarding Children's Boards of child deaths.

Social Work Practices

12. The *Care Matters* Green Paper put forward social work practices (SWPs) as a new model of social work provision which could potentially offer benefits both to children in care and the professionals who work with them. The Social Care Practices Working Group, chaired by Professor Julian Le Grand from the London School of Economics, was set up following publication of the Green Paper to explore the model. Its recommendations are set out in the working group report *Consistent Care Matters: Exploring the Potential of Social Work Practices*.¹²

13. We intend to pilot social work practices to find out whether, by giving social workers more freedom, autonomy and flexibility, they can deliver a more personalised service, and provide more stability and continuity, and correspondingly, better outcomes for children in care. The pilots will run over a two year period across a range of local authorities and will include social work practices that are run by voluntary and private sector agencies. We will commission an independent organisation to conduct a comprehensive evaluation to inform decisions about longer term roll-out.

14. The Bill will enable us to establish these pilots and, post-pilot, will enable regulation of social work practices to ensure they are fit for purpose and able to deliver quality services to children in care (should the pilots demonstrate that SWPs can improve outcomes and that they should be rolled out more widely). If the pilots achieve their goals they will lead to a more personalised service with greater stability and continuity for all children in care.

Care planning and reviews

15. Local authorities have a responsibility to assess and review a child's care plan and ensure their wellbeing is safeguarded and promoted. Effective care planning (combined with increased participation of children and young people in the care planning decisions that affect them and ensuring regular contact with social workers) ensures a child's needs are being met and helps to improve access to education and health services and increase placement stability.

16. Provisions in the Bill will support local authorities in carrying out these responsibilities – by introducing more robust checks and balances into the care planning system and ensuring they consult and consider the views of the child. The Bill will:

¹⁰ The report of the working group on the Future of the Care Population (available at <http://www.dfes.gov.uk/publications/timeforchange/docs/7132-DfES-Beyond%20Care%20Matters.pdf>) considers further the impact of the *Care Matters* proposals on the population of children in care.

¹¹ For more information on the workforce reform see pages 125-129 of the *Care Matters* White Paper.

¹² *Consistent Care Matters: Exploring the Potential of Social Work Practices* (available at <http://www.dfes.gov.uk/publications/timeforchange/docs/7089-DfES-ConsCareMat.pdf>).

- a) strengthen the role of the Independent Reviewing Officer (IRO) to enable IROs to fulfil their role with credibility and independence, overseeing the care planning process so that it is fair and reasonable and gives proper weight to the child's wishes and feelings and ensuring that local authorities always act as consistent, responsible, corporate parents sensitive to the needs of the children and young people in their care. The Bill will also give powers to the Secretary of State to externalise IRO services completely to an outside agency should this prove necessary in future;
- b) ensuring that regular effective contact is maintained between the local authority and children in care by introducing an explicit requirement for social workers to visit all looked after children. Visits by social workers to looked after children are a key mechanism to ensure that a child's needs are being met and their views are being heard. There is currently an explicit visiting requirement for children placed with parents, in foster placements and children placed for adoption. In addition, it will ensure that all children, whether on a care order, or 'voluntarily accommodated' immediately before entering custody are visited. Children who are in care as a result of a court-directed care order are currently entitled to this type of ongoing support. Children who are in care through a voluntary agreement between social services and their parents, rather than a court-directed care order lose their "looked after" status when they enter custody. This will ensure the local authority continues to take an active interest in the lives of these young people. It will also help to reduce the incidence of re-offending and anti-social behaviour once children leave custody by ensuring that young people's needs are assessed before release and that on release from custody they will receive appropriate services, if any are needed; and
- c) giving more children in care (particularly those who are placed at a distance from their home or are in residential care) access to an Independent Visitor by placing a duty on local authorities to consider this as an option as part of the care planning process. Independent visitors offer children a means of accessing advice and support from someone outside of the system in which they are cared for, thereby giving them the chance to develop meaningful relationships and widening their horizons beyond that of the care system. Anecdotal evidence suggests this can help raise aspirations and can help improve emotional well-being and improve stability.

Education

17. As a group, looked after children achieve significantly poorer educational outcomes than their peers. A high quality education helps enable children in care to fulfil their potential and provides a firm foundation for good outcomes later in life. During the consultation, children said that they do not feel schools always understand their needs and that sometimes being identified as a child in care can result in them being singled out or bullied.

18. We need to find ways to give children better support in schools to help them realise their ambitions without making them feel stigmatised. Evidence suggests that, amongst other things, any child's educational attainment is adversely affected if his schooling is disrupted.¹³ Looked after children are highly likely to suffer disruption to their education and this is closely linked to disruption in the arrangements to their care.

19. Provisions in the Bill will help bring about greater educational stability, increase the support available for children in care at school and support more care leavers to enter higher education by:

- a) ensuring that, particularly at Key Stage 4, social workers cannot decide to move a looked after child from a school as a result of a care placement move unless it is for exceptional reasons. This change will increase the importance that local authorities place

¹³ DfES contextualised Key Stage 2-4 value added model (2006): http://www.dfes.gov.uk/performance/tables/schools_06/s12.shtml

on education and educational stability as part of their existing care planning arrangements, ensuring that local authorities consider the impact of a school move, particularly when a child is studying for GCSE qualifications;

b) putting the role of the 'designated teacher' for children in care on a statutory footing to ensure that the needs of children in care are treated as a priority by all schools and that educational support for children in care is effectively co-ordinated including by establishing stronger relationships between schools, social workers and carers; and

c) requiring all local authorities to support care leavers who go on to a Higher Education course with a £2000 bursary (many local authorities already operate bursaries for care leavers progressing to university but introducing a statutory requirement will provide incentives for more young people to achieve their potential and help to ensure that children in care no longer leave university with debts on average £2000 higher than their peers.¹⁴

Placements

20. Placement quality for children in care is often poor. For example, only a quarter of children's homes currently meet 90% or more of the National Minimum Standards¹⁵. Given the increasing evidence about the importance of a secure home environment to the social and educational development of children, it is vital that we improve the quality and stability of placements for children in care.

21. Provisions in the Bill will help to ensure this by:

- a) restricting local authorities making use of out of authority placements except in circumstances where they are in the child's best interests. Out of authority placements make care planning and placement commissioning more difficult and frequently lead to poorer outcomes for children in these placements.¹⁶ This will necessarily require improvement in local planning and commissioning to ensure the local market can meet the individual and diverse needs of children in care; and
- b) amending the current inspection regime for children's homes to ensure that swift and decisive action can be taken where homes are found to be substandard. The provisions will reinforce the existing enforcement regime and give Ofsted a 'menu' of options from which to choose in order to raise standards, signalling the priority attached to the issue of poor performance and acting as a clear financial incentive on providers to improve. The requirement for all local authorities to be notified where there are concerns about standards provides a safeguard to the children and young people living in an individual home by alerting the placing authority to the potential need for a placement review. A similar approach will be adopted in relation to other children's social care settings regulated by the Care Standards Act 2000 to ensure consistency; and
- c) giving foster carers access to an independent review mechanism if they are unhappy with decisions made regarding their approval or termination of approval, similar to the mechanism in place for prospective adopters.

Transitions to adulthood

22. Care leavers do not always have financial or emotional support available to them, 'leading to an accelerated transition'¹⁷, whereas most other young people leave home in a more gradual way. 27% of 'care leavers' leave care at 16: a time when most of their peers are

¹⁴ *Going to University from Care*, Jackson, Ajayi and Quigley (2005).

¹⁵ *The State of Social Care in England 2004-05*, Commission for Social Care Inspection (2005)

¹⁶ *A Better Education for Children in Care*, Social Exclusion Unit (2003).

¹⁷ *Care Matters: Time for Change* [chapter 6], page 108.

concentrating on education not fending for themselves. Extending local authority responsibilities towards care leavers to an older age, therefore, gives care leavers the possibility of continuing support from their former corporate parent in the same way that other young adults experience from their parents.

23. The Bill will ensure that looked after young people retain support and guidance as long as they need it by:

- a) extending the duty to appoint a personal adviser and keep the pathway plan under regular review to all care leavers who start or resume a programme of education or training after the age of 21 up until 25, thereby enabling more young people to continue in education and training post-16; and
- b) ensuring young people's views are heard and the placement plan is properly reviewed when significant placement decisions are made, in particular before 16/17 year olds are moving from a stable care placement to a less supportive placement such as an "independent" flat or hostel. This would offer young people a greater say over becoming more independent, giving them the same opportunity that all young people have to remain in a family setting and not forcing them to enter adult life too quickly. The Right to be Cared For pilots will explore these proposals further and we will legislate to ensure national coverage after the pilots have been evaluated.

Supporting children in their families

24. *Care Matters: Time for Change* recognised that some children who come into care could be prevented from doing so with better support for families and earlier intervention. Supporting children in their families (where this is possible and in the child's best interests) is a key *Care Matters* objective, in part because children have said that family relationships are important to them, but also because they help to promote resilience in children and to develop understanding of their cultural background and of their own identity. Research shows that placements with family and friends lead to greater placement stability.¹⁸

25. The Bill will provide better support and recognition for children living with family members by:

- a) reducing the circumstances in which relatives are required to seek leave of the court before applying for a residence order or special guardianship order (and acquiring parental responsibility for a child);
- b) ensuring relative carers do not lose parental responsibility when the child turns 16 by stipulating that residence orders cease on a child's 18th rather than 16th birthday;
- c) allowing local authorities to make longer term financial payments to family carers under section 17 of the Children Act 1989 where this is deemed to be in the best interests of the child and where otherwise a child would enter care; and
- d) clarifying that a child placed by a local authority with family and friends under section 23(6) of the Children Act 1989 does not lose their looked after status.

26. The Bill will also ensure appropriate and continuing supervision of children in long term residential placements made by health and education services whilst supporting the role of the family. This provision helps to ensure that the appropriate safeguards are in place and provides a mechanism to respond to the individual needs of the child, particularly where parents are

¹⁸ 72% of placements with family and friends were still stable after two years of care compared to 55% of those with unrelated foster carers. (Farmer and Moyers, *Children placed with Family and Friends: Placement Patterns and Outcomes*, 2005).

prevented from maintaining their involvement with the child's care.¹⁹

Additional Provisions

Amending the procedures for notifying LSCBs about child deaths

27. The Bill will amend the procedures around the reporting of child deaths in order to create a statutory gateway for routine notification of child deaths by registrars to Local Safeguarding Children's Boards (LSCBs) and provide for a power for the Registrar General (RG) to provide information about child deaths on an annual basis.

28. This improved process will support LSCBs in carrying out their child death review function and help to identify the need for a serious case review or to highlight areas of concern affecting the safety and welfare of children. Additionally, a research provision will enable information about child deaths to be analysed nationally, informing future developments of safeguarding policy and the monitoring of the implementation of safeguarding provisions introduced in the Children Act 2004. This will also enable the Secretary of State to conduct research into any matter connected with local authority functions outlined in the 2004 Act, the Adoption and Children Act 2002 as well as in this Bill (assuming it receives Royal Assent).

29. The overarching purpose of reviewing the deaths of all children is to identify lessons to be learnt or issues of concern affecting the safety and welfare of children in order to prevent or avoid such deaths occurring in the future. It is also important to identify any public health concerns arising from a death or from a pattern of deaths. In order for Local Safeguarding Children Boards to be able to carry out their statutory responsibilities for reviewing the deaths of children they need to be informed about each child's death in a timely manner. This means receiving information from a variety of sources including registrars of births, deaths and marriages. Information from the RG will provide a mechanism for checking that all deaths reported to the RG have been reported to a local safeguarding children board. This will include deaths of children which occur abroad.

30. There will need to be a change to the Registration On Line (RON) system to enable the Local Registration Service (LRS) to extract lists of child deaths for LSCBs. We estimate that this will be a relatively simple technical solution. We will need to carry out further work in order to specify the technical solution in greater detail and to work out the costs in more detail. The costs outlined above exclude any costs the LRS may wish to recover for performing this additional task. ONS have made representatives from the Local Authorities Coordinators of Regulatory Services (LACORs) aware of our plans to amend the procedures for reporting child deaths and will continue to engage with this group.

Extending the sunset clause enabling the introduction of a private fostering 'registration scheme'

31. The Bill will include a provision to extend the sunset clause enabling the introduction of a 'registration scheme' for private fostering for an additional three years (current powers will cease to have effect in November 2008). Private fostering occurs when individuals care for a child under the age of 16, or 18 if they are disabled, other than their own or those of immediate family members for more than 28 days. While this is usually a private decision by families, private fostering has been associated with harm to children in some cases, most notoriously that of Victoria Climbié.

32. Local authorities are already required to satisfy themselves as to the welfare of privately fostered children in their area and since 2005 prospective private fosterers have been under a duty to notify their local authority of their intentions. A registration scheme (requiring that private

¹⁹ Gordon et al, 2000, suggests that 25% of all disabled children in residential placements have no contact with their parents and about a third were isolated from their parents.

fostering could only be undertaken legally by people pre-approved and registered by their local authority) would be an additional mechanism to help to ensure the welfare of privately fostered children.

33. The power to establish a registration scheme would be used in the event that measures introduced in 2005 to enhance the notification scheme do not work effectively in practice. Judgement about whether the strengthened notification scheme is working will be based upon a combination of the statistics on the number of notifications and information from relevant inspections. Other methods, such as a survey of LSCBs in relation to their practices and procedures on private fostering could also be used if necessary. Extending the sunset clause provides additional time for the strengthened notification scheme to take effect, to gather evidence of its impact and to consult with stakeholders about the potential benefits of a registration scheme.

34. The costs of a registration scheme and the burden both on local authorities and on other sectors would be one of the factors taken into account in deciding whether to implement such a scheme and would be subject to a further impact assessment.

Benefits

35. The preceding section outlined the individual provisions in the Bill and the positive impact we expect these to have. These provisions, when brought together and implemented alongside the wider *Care Matters* reforms form an overall package which is intended to realise the following benefits:

- An improvement in outcomes for children in and leaving care and on the edge of the care system; and
- Increased value for money in the local provision of services for children in care.

36. The following analysis considers the ensuing benefits in more detail, examining particularly the wide-ranging benefits of improving outcomes for children in care and the associated reduction of downstream costs.

37. In quantifying the benefits of the Bill, the analysis focuses particularly on the substantial benefits flowing from raising the educational attainment of children in care that arise from the Bill and specifically the requirement that local authorities don't move a looked after child from a school as a result of a care placement move, particularly at Key Stage 4, unless it is for exceptional reasons. Current data on educational attainment allows us to demonstrate most clearly a reliable causal link between the policy intention of the Bill and educational outcomes, and to illustrate the potential benefits of the Bill demonstrably outweigh up front costs.

Potential benefits of improving outcomes for children in care

38. Children in care 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.

39. It is well documented that children in care have low attainment, poor health outcomes and a high incidence of criminal activity, and there is a sound evidence base which quantifies the potential benefits of improving these negative outcomes.

40. However, there are also a number of other benefits for children in care which are just as important but very difficult to quantify. These include the impact on an individual's well-being of reducing abuse and neglect, and providing a stable and secure environment. The benefits of

improving these outcomes are incalculable given currently available data.

41. The potential benefits of a successful government programme to improve outcomes for children in care, in terms of reduced public expenditure and benefits to the individual are therefore very significant.

42. The next three sub-sections summarise the evidence base on the potential benefits of improving educational attainment, health and crime for children in care.

Educational attainment

43. Educational attainment at age 16 is the passport to further education and employment, and a range of wider social benefits. Children in care have much lower levels of educational attainment at this age than other children:

	LAC	All children
Proportion who sat at least one GCSE or GNVQ	65.6%	98%
Proportion who obtained at least: 1 GCSE at grade A* to G or a GNVQ	63.2%	98%
Proportion who obtained at least Level 1: 5 GCSEs (or equivalent) at grade A* to G	41.4%	91%
Proportion who obtained at least Level 2: 5 GCSEs (or equivalent) at grade A* to C	11.8%	59%

44. There are therefore significant economic benefits associated with improving the educational attainment of children in care. On average, the additional lifetime earnings associated with gaining 5 GCSEs at A*-C compared to no GCSEs is £249,705. And the additional lifetime earnings associated with gaining 5 GCSEs A*-G compared to no GCSEs is £105,608.

45. To put the significance of the potential benefits in context, raising the GCSE attainment of the 60,300 children who were looked after in 2006 to equal the distribution for all children would lead to discounted lifetime earnings benefits of around £6 billion.

46. Raising attainment to the national picture will be difficult to achieve - children in care will have suffered many adversities before coming into care. But even raising the GCSE attainment of all current children in care to equal the distribution for children receiving Free School Meals, perhaps a more similar comparison group, would still lead to discounted lifetime earnings benefits of around £3.8 billion.

47. There were 60,300 children in care in 2006, of which 5,100 were in year 11. Based on a constant annual number of LAC in year 11, the resulting discounted lifetime earnings benefits from the yearly flow are between £534.3 million using the population comparison and £317.1 million using the FSM comparison group.

48. Put starkly, in order for the benefit of this Bill to outweigh the cost would only require around 400 children in care who currently get no GCSEs or equivalent to instead get five or more GCSEs at A*-C grades – an average of less than three children per local authority.

49. These estimates are conservative as they do not take into account the wider benefits of educational attainment. There is robust evidence for positive correlations between years of

education and improved health status, reduced risk of depression and other positive outcomes²⁰ the potential benefits of which are set out below.

Health

50. 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 children²¹. 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 depressed²².

51. 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 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.

Crime

52. Latest statistics show that 9.6% of children in care aged 10 or over, were cautioned or convicted for an offence during 2006, almost 3 times the rate for all children of this age²³. Between 25%-50% of children in care end up in custody as adults (12 to 25 times the rate for the general population).

53. The analysis for the Social Exclusion Unit also estimated the downstream cost of being in care in terms of impact on criminality. This estimates that if criminal activity of care leavers could be reduced and the average crime cost per children in care brought down to that of the average person in the population, then the saving would be £14.7bn. Under a less optimistic scenario, using children from a more disadvantaged background as a comparison group, the research finds that the saving would be £8.5bn. These estimates are the benefit resulting for the existing population of care leavers in society and not the annual flow.

Increased value for money in the local provision of services

54. There are also benefits in terms of public expenditure savings. Research has shown that children in care of compulsory school age tend to incur greater additional costs due to the larger proportion attending more expensive types of provision e.g. special schools and PRUs. One study estimates that the public expenditure saving on education if children in care had the same incidence of types of educational provision as all children is £2,780 per child. Given that there were 60,300 children in care in 2006, this could lead to savings of around £168 million²⁴.

55. Spending on services for children and young people in care has increased substantially, even whilst the numbers in care have started to level off. It represents a significant proportion of the funding for children's services – nearly £2bn a year is spent by local authorities in England just on the placements for children in care – and yet, as outlined above, outcomes are still unacceptably low.

56. In some cases a lack of appropriate care provision in a local authority area can lead to children being in placements which do not meet their needs and which break down, or having to be placed out of authority, away from their friends, schools and support networks.

²⁰ Feinstein et al, Centre for the Wider Benefits of Learning.

²¹ Meltzer, 2003, 'The mental health of young people looked after by local authorities', ONS

²² *Care Matters: Time for Change* [chapter 5], page 90

²³ DCSF, 2007, SFR 17/2007 'Outcome indicators for looked after children: twelve months to 30 September 2006, England'.

²⁴ Centre for Longitudinal Studies, 2002, 'The costs and benefits of education children in care'

57. Benefits from securing high quality local provision, reducing inappropriate emergency commissions and improving quality should accrue to both, local authorities, in the form of financial savings, and to children in care, in the form of better outcomes. The Gershon Report²⁵ and the Local Government White Paper made clear that there are clear efficiencies to be made and evidence of this is provided by a number of local authority case studies where investments in market management and market development have generated substantial savings from relatively small initial outlays in this area.

58. For example, Blackpool was concerned that, at £1,800-£5,000 per week, it was spending high and variable amounts on its placements in private residential care. It therefore took steps to improve its management of the market such as analysing existing patterns of provision, producing a 10-year market development strategy, establishing a standard price that it would pay for a placement and negotiating with providers. These actions have saved Blackpool £400,000 per year without having to sacrifice service quality.

59. Devon, Torbay and Cornwall have implemented a sub-regional commissioning process for their residential care placements. This has led to annualised savings of £250,000 from tenders in the first 3 months and a 450% increase in placement choice. Placements, from assessment through tendering to agreeing design with the provider, now only take 24 hours to arrange and the set-up costs were only £18,000.

60. North Lincolnshire's commissioning has long had a focus on prevention and early intervention and also takes an integrated, multi-disciplinary approach centred on the needs of the child. This model has been associated with much improved outcomes for children in care such as an increase in placement stability and permanence (from 44% in 2005 to 56% in 2006), a reduction in offending (from 6.6% in 2005 to 2.8% in 2006) and a fall in re-registrations on the Child Protection Register (from 18% in 2005 to 11.5% 2006).

61. Finally, Coventry was a net exporter of children in care and wanted to improve outcomes and reduce costs of placements. The Council was facing spiralling costs and a lack of control over the market so a two year procurement process was designed to block contract 30 beds for children aged 11 to 18. This resulted in £12m efficiency savings, averaging a 23% efficiency saving each year.²⁶

62. Although it can be difficult to extrapolate from case study evidence, there are reasons to believe that the examples of effective practice captured in the above case studies can be implemented in other local authorities. Whilst we don't attempt to calculate a precise figure for the improvements generated by better local authority commissioning and reduced out of authority placements, we are confident that similar benefits to those outlined above will accrue nationally.

Benefit calculation

63. The previous section presented robust evidence on the significant potential benefits of improving outcomes for children in care overall. However, we do not have sufficient evidence to quantify the impact of the provisions in the Bill on these outcomes.

64. To demonstrate that the benefits of the Bill are expected to substantially outweigh the upfront costs, we have taken the approach of indicating the potential benefits of the Bill based on educational attainment alone and that driven mostly by a single provision with:

- a lower bound estimate (see calculation below) of the attainment benefit for just one

²⁵ Gershon, Peter, *Releasing Resources to the Front Line - Independent Review of Public Sector Efficiency* (2004)

²⁶ More details on these case studies can be found on the 'Joint planning and commissioning' pages of the Every Child Matters website (<http://www.everychildmatters.gov.uk/strategy/planningandcommissioning/localcommissioning/>).

of the policies: the provision to prevent local authorities moving children in care between schools at KS4 save in exceptional circumstances.

Reducing school moves at Key Stage 4

65. The legislative change in the Bill tackles one of the key factors which leads to mobility of children in care between schools in KS4. Children in care are more likely to move schools in the period preceding GCSEs than other children: 15% of children in care join year 10 outside the normal admission round compared to 3% of all children²⁷.

66. Research has identified a number of specific barriers to entry into GCSEs for children in care including late entry fees discouraging schools to enter children in care, educational history or coursework lost, and personal circumstances make the undertaking of exams difficult.

67. Wider research also shows that children that move schools at Key Stage 4 are likely to have lower attainment than those that do not move. Department for Children, Schools and Families (DCSF) 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 11²⁸. Therefore pupil mobility in year 10 effectively reduces the probability of gaining 5 GCSEs A*-C by 50%.

68. Further evidence from the DCSF' 2006 Contextual Value Added model suggests that pupil mobility in year 10 has the biggest single effect on attainment at Key Stage 4, even bigger than receiving FSM or having a statement of SEN. The same analysis suggests that joining school after September in year 10 reduces predicted attainment at KS4 by 76 GCSE points. This is equivalent to a fall of 12.5 grades i.e. a pupil predicted to get 8 grade As may instead get 4 grade Bs and 4 grade Cs²⁹.

69. Based on this evidence, we calculate that the discounted lifetime benefit of reducing the incidence of children in care moving school in years 10 to only 3% as in the general population is £97.7 million. This is based on the assumptions that pupil mobility in year 10 reduces the probability of gaining 5 good GCSEs by 50%, and that only 5.9% of children in care who move in year 10 would currently get 5 good GCSEs. This is quite a conservative estimate as it assumes that the 11.8% of children in care who currently get 5 good GCSEs do not move in year 11. This estimate is based on the existing population of children in care and not the flow. This means that the benefit will not be realised on an annual basis but is an estimate of the ultimate benefit that would result when all flows of current children in care have received a reduction in pupil mobility (we assume 60,300 current children in care).

70. This is a lower bound estimate for the impact of one provision within the Bill, and does not take into account the wider benefits of school stability and improved educational attainment. It also does not take into account the combined impact of the other policies in the Bill, including the impact of provisions to improve the quality and stability of placements for children in care and the evidence of the significance of a secure home environment to the educational attainment of children.

Costs

71. Alongside the publication of the *Care Matters* White Paper, the 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.³⁰ The total funding package included a dedicated change fund of £22.5m (£5/7.5/10m between 2008-

²⁷ School Census: The data collected through the School Census is thought to under report numbers of looked after children and should therefore be treated with caution.

²⁸ DCSF contextualised key stage 2-4 value added model (2006), available at (http://www.dfes.gov.uk/performance/tables/schools_06/s12.shtml)

²⁹ National Pupil Database 2006.

³⁰ The total figure included £63m to implement the children's social care workforce measures outlined in 'Options for Excellence' and £66.15m to support improved educational outcomes for children in care.

2011) to support local authority implementation of *Care Matters*.

72. The costs of implementing all the provisions in the Bill were summarised at the start of this assessment and amount to £2.8m (transitional) and £22.06m (average annual costs over three years). The table below provides a more detailed breakdown of these costs over the period of the Comprehensive Spending Review 2008-11. Stated costs of the individual provisions and the assumptions behind them as well as further information about the change fund is outlined in more detail in the White Paper Regulatory Impact Assessment.

73. Our calculations have assumed that current funding levels are, for the most part, adequate for local authority services and that the numbers of children in care will not increase significantly over this period.³¹

74. In a number of instances provisions in the Bill are linked to plans to pilot, for example, the thorough testing of the social work practice model which will commence following the legislative changes in the Bill, or the Right 2 B Cared 4 pilots commencing in 2008 which will be rolled out nationally once evaluated. In some areas, such as the externalisation of the IRO service or the additional provision to extend the sunset clause to establish a private fostering registration scheme, we are legislating to allow for significant change in the future, should this prove necessary. Costings for these provisions are therefore based on working assumptions and will be subject to additional impact assessments in future before these powers are exercised.

Local Authority Implementation of the Legislative and Regulatory Changes

75. Since 2004-05, 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 service delivery for looked after children, care leavers and children on the edge of care. The reforms set out in the *Care Matters* White Paper and in part, implemented through the Bill, will play a significant role in supporting local authorities to achieve better value from existing programmes over the next Comprehensive Spending Review period.

76. Whilst much of the answer is not about new resources, we recognise that implementing reforms may require investment upfront, and that some local authorities will face particular barriers or issues implementing these changes. Embedding change requires local authorities to take a longer term view on budgets, rather than basing decisions on short term funding pressures.

77. A good example of this are the provisions 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. 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 to reduce the need for them to come into care in the first place. However, local authorities who currently provide very low levels of financial support to family and friends carers may need to consider investing upfront in order to achieve future efficiencies.

78. A further example is the requirement that local authorities cannot place outside of their local authority area, unless this is in the child's best interests. Local authorities are presently funded to assess need and to make placements which are in the best interests of the child, and for most children these will be placements that are close to home. Initial investment in the local placement market can however deliver improved cost-effectiveness, by reducing reliance on costly spot purchased out of authority placements, and underpinning long-term shifts in

³¹ See the report of the working group on the Future of the Care Population.

priorities.

79. Where there are additional costs associated with provisions in the Bill specific resources have been made available to fund them. However, in a number of instances we are not requiring local authorities to undertake activities additional to their existing statutory duties and therefore will not be providing additional funding.

80. The provision which makes explicit the duty to visit children in all placement types describes what is expected professional practice as well as implied by statute. 70% of children in care are placed in foster care, and there is an existing requirement for local authorities to visit children in foster care, as well as those placed with parents or placed for adoption. Only 12% of children in care are placed in residential care and anecdotal evidence shows that, in the majority of cases, placing authorities already visit children placed in children's homes.

81. Similarly, we do not anticipate that the enforcement provisions or the KS4 duty require new resource. The existing legislative framework already includes provision for conditions to be applied to poor performing children's homes, and for a right of appeal to the Care Standards Tribunal. Local authorities may need to be more responsive in their planning if a care home is shut down or subject to a ban on new admissions, but placing the child concerned in an alternative, well-run home may well give rise to cost savings. And local authorities must already consider the educational implications of any decisions they take in relation to children they look after.

82. We have set aside money for a change fund which we will allocate to Government Offices to distribute in order to support local areas through particularly difficult transitions. We will keep the financial impact on local authorities under review as the changes are implemented, ensuring that the correct level of funding has been provided.

Provision	One-off costs (£m)	Average Annual Costs over CSR period (£m)	Notes
Social Work Practices			
Piloting of social work practices	0.1	2.04	Transitional costs based on costs of developing the pilots. Average annual costs based on costs of implementing pilots including support for commissioning and contract management, facilities, networking and evaluation.
Care Planning and Reviews			
Strengthening the role of Independent Reviewing Officers (IROs)	1.0	1.27	Average annual cost is based on the costs of recruiting an additional 50 IROs (gross cost of approx £38,000 p.a.). Transitional costs cover a contingency for an increased number of court cases.
Extending the Independent Visitor scheme	0	3.0	Average annual cost based on 1,500 more children being provided with an independent visitor per year (£2,000 per child per year).
Extending the duty for social workers to visit formerly accommodated children in youth custody	0	3.0	Average annual cost based on assessment costs of £2.4m (£8000 per assessment for 300 young people) and visiting costs of £0.6m (£125 per social worker day x 12 visits per year x 400 children in custody). Maximum costs are given but actual cost could be less given transitory population.
Education			
Putting the role of designated teacher on a statutory footing	0	3.3	Average annual costs based on supply costs of enabling designated teacher to attend training (£200 a day for 2 days p.a. for one teacher in each school).
Introduce a £2,000 bursary for young people in care who go onto HE	0	1.0	Average annual costs based on current numbers of children in care going on to HE (6% of 7,500 = 450). Assumed 10% increase in numbers going to HE each year over CSR period.
Placements			
Out of authority placements	1.5	0	Transitional cost of introducing the needs assessment to inform local authority strategy and planning (based on cost of £10,000 per needs assessment for each local authority).
Extending the Independent Review Mechanism to foster carers	0.1	0.2	Average annual cost based on estimate of 250 cases per year at cost of £2,200 per case) with additional initial set up costs. In practice the costs may be less as the number of appeals which reach the panel stage may be very few.

Transitions from Care			
Extend the provision of a personal adviser (PA) and maintain a pathway plan to age 25	0	3.45	Average annual cost based on provision of a PA to 1,250 NEET care leavers (unit cost of £1.8k p.a.). Cost expected to plateau in the next spending period as our reforms will improve placement stability leading to fewer NEET care leavers over time.
Supporting Children in their Families			
Visiting children in long term residential placements	0	3.75	Average annual costs are based on costs of 23,600 visits per year (11,800 children receiving 2 visits per person per year of 1 day each visit at a cost of £159). Local Authorities should already be assessing need and providing services to children in need and looked after.
Removing the leave requirement for relative carers applying for residence and Special Guardianship orders	0	1.0	Supporting a family to care for a child under a residence order is significantly less expensive than the state directly caring for the child with looked after status. Making it easier for children to leave looked after status to live with relatives on a residence order will therefore, in the longer term, lead to significant savings. There will however be some additional costs in the short term arising from increased applications and associated payments of residence order allowances. Average annual costs are based on 2005 data of numbers of residence orders and average allowances paid in a single week. We are working with Ministry of Justice colleagues to analyse further changes to the profile of applications and the impact on the courts and legal aid budgets.
Subtotal	2.7	22.01	
Additional Provisions			
Child Death Notification to LSCBSs	0.1	0.05	Cost of changes to the RON system (initial development costs and ongoing annual cost).
Total	2.8	22.06	
Total cost over the CSR period 2008-11	2.8	66.18	

Implementation

84. We intend to construct a partnership-based approach to implementation across the statutory and voluntary sectors, developing a shared vision for change and establishing a joint delivery partnership with the key organisations delivering services to children.

85. Inspection of services is essential to ensure that the provisions in the Bill, and the wider *Care Matters* reforms are delivered and that outcomes for children and young people in care improve as a result. Ofsted will lead a three year programme of proportionate inspection of

services for children in care, with a particular focus on the White Paper and Bill reforms and exploring issues around consistency across regions and the sharing of best practice. Fostering services and children's homes are already subject to regulatory inspection to ensure that they are complying with the NMS and school inspections will draw together information on children in care in schools in the local areas. We will review the need for further rolling inspection in this area at the end of the initial programme. We will also work with Government Offices to ensure a continued focus on the needs of children in care throughout their work with local areas.

86. Implementation will also include monitoring and evaluation of pilots including, the social work practices pilots where an independent evaluation is planned, and the Right to be Cared for pilots, which will inform how regulations on care planning and preparation for adult life are drafted.

87. There will also be a new annual stocktake - a national ministerial event to review progress in improving outcomes for children in care, with the involvement of key stakeholders and representatives of local government and health services and of young people in care. The report of the stocktake will be laid before Parliament.

Consultation

88. The *Care Matters* Green Paper and a young people's version were published for consultation in October 2006. We received more than 2000 responses from groups and individuals to the consultation and many more responded through an extensive programme of consultation events. Over 12,000 young people in care saw copies of the Green Paper and over 5,000 gave us their views. In April 2007 we published a summary of the responses we had received and a separate summary of the responses from young people.³²

89. We have also consulted separately with other government departments and public service providers including DH, HMT, DCLG, Home Office/Ministry of Justice, DWP, DCMS, Social Exclusion Task Force OfSTED, CSCI, the LGA and ADCS and with voluntary organisation involved in promoting the interests of children in care and providing current services including NCB, NCH, the Council for Disabled Children, Family Rights Group, BAAF, the Fostering Network, Barnado's, NSPCC, Rainer, Voice, A National Voice, The Children's Society and Who Cares Trust?. Proposals in the *Care Matters* White Paper and the Bill have been developed in response to this extensive consultation process.

Devolved administrations

90. Provisions in the Bill will apply to England and Wales with minor differences in a small number of provisions to reflect the different context in Wales. There will be additional costs for the Welsh Assembly Government (WAG) in implementing those clauses. In line with settlement arrangements in England, the Welsh Assembly Government settlement with Welsh Local Government is to meet the costs of additional burdens on local authorities arising from new legislation. Until the WAG consult their local authorities and other stakeholders on the detailed arrangements they intend to bring forward in Wales through regulations, it is difficult to provide accurate costs. However it is reasonable as an indicative figure to apply the Barnett Share (i.e. based on 6% of the Welsh population against populations in England). It should be noted that enforcement of the Bill provisions (and wider policy) in Wales will be undertaken by Care Social Services Inspectorate Wales. The statistics included in this analysis are England only figures.

Specific Impact Tests

³² Available at <http://www.dfes.gov.uk/consultations/downloadableDocs/Care%20Matters%20Response.pdf>

91. A combined equalities impact assessment has been completed and is attached at Annex A. The Bill will have no significant environmental impact including on emissions of greenhouse gases and no significant impact on sustainable development. Neither will it have a differential impact in rural areas or an adverse impact on rural circumstances and needs. The assessment of the impact of the Bill on human rights will be undertaken through the development of the memorandum on the Bill's compatibility with the European Convention Human Rights which will accompany the Bill.

92. For all other specific impact tests our considered view is that the Bill will not have a significant detrimental impact. Additional commentary on specific tests follows.

Competition Assessment

93. We assessed the impact of the social work practice pilots, enforcement and out of authority provisions, based on the OFT guidance, and do not consider that they raise significant competition concerns. None of these provisions would significantly constrain the market, either by indirectly or directly limiting the range or number of suppliers or 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 firms. Overall therefore, it has been concluded that our proposals are unlikely to adversely affect competition in the market.

94. As part of the wider *Care Matters* implementation we will use existing powers to increase the range and number of suppliers and enhance, rather than limit, the ability of suppliers to compete. For example, by ensuring local authorities support private and voluntary provision to reduce the costs faced by these types of suppliers. The out-of-authority provision will impose a geographical restriction on local authority commissioners but it will not have any impact on the geographic area in which a supplier can operate.

Small Firms Impact Test

95. We assessed the impact of the social work practice pilots, enforcement and out of authority provisions – these provisions mainly impact on local authorities and are unlikely to impose any direct burden on small or medium businesses in the private or third sector (e.g. independent fostering agencies and children's homes). For the social work practice pilots we are not changing regulations on a market that they already have access to, we are piloting providing them access to a new market. We do not therefore consider that the Bill will have an adverse impact on small businesses.

Legal Aid

96. We consider that there is a risk that provisions to reduce the timescales for relative carers to apply for residence and special guardianship orders could lead to a rise in applications and potentially impact on the workloads of courts and on the legal aid budget. We do not, however, anticipate significant additional costs and think these will be counterbalanced by savings through reduced care order applications. The Department for Children, Schools and Families are working closely with the Ministry of Justice to undertake joint modelling to identify possible changes to the profile in applications over the next three years and gauge the likely overall impact on the courts and legal aid budgets.

Health Impact Assessment

97. As identified above, 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 and we outlined in the *Care Matters* White Paper a package of measures to promote these outcomes. As we stated in the White Paper we plan to

revise *Promoting the Health of Looked After Children*, guidance which sets out the roles and responsibilities regarding children in care and addresses key issues such as health assessment and planning and health promotion.³³ We intend to reissue this in 2008 as statutory guidance for both local authorities and healthcare bodies.

98. Provisions in the Bill will, however, 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 Bill 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.

³³ *Promoting the Health of Looked After Children*, Department of Health (2002).

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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	Yes	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	Yes	No
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

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