

<b>Title:</b> Legislation on referrals to the Adoption Register <b>IA No:</b> <b>Lead department or agency:</b> Department for Education <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>Date:</b> 15/05/2012
	<b>Stage:</b> Consultation
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Secondary legislation
	<b>Contact for enquiries:</b> Charmaine Church 0207 783 8068
<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> RPC Opinion Status

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
N/A	N/A	N/A	Yes   IN

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

Children in need of adoption deserve the earliest possible chance of finding adoptive parents. One of the points at which delay for children and prospective adopters occurs is in the search for a match. Evidence suggests that delay in finding a suitable adoptive family for a child is often associated with the time it takes before local authorities decide to seek a family outside of their own group of approved adopters. Evidence suggests that there is a significant cost due to delay to the welfare of children awaiting adoption.

**What are the policy objectives and the intended effects?**

The overarching policy intention is to ensure that everything possible is done at both national and local level to speed up the matching of approved prospective adopters with children and to encourage/facilitate approved prospective adopters to be proactively involved in finding a child for whom they would be a suitable match. The objective is ultimately to reduce the amount of time children wait to be matched and placed for adoption with a suitable adoptive family and to increase the likelihood of finding a match for some.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**

Option 1 - Do nothing - leave existing arrangements in place.

Option 2 - Through legislation to require: Local Authorities to refer children to the Adoption Register within three months of the decision that they should be placed for adoption and to keep information held about children up to date; and all adoption agencies to refer prospective adopters to the Register immediately upon approval, although approving agencies will have 3 months to match those adopters before the referral goes 'live' enabling a national search for links. In addition, following approval, adoption agencies will be required to agree a plan with the prospective adopter setting out what the adopter will do and to what timescales to search for a child, along with the ongoing support to be provided by the agency.

<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> Month/Year					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		<b>Micro</b> Yes/No	<b>&lt; 20</b> Yes/No	<b>Small</b> Yes/No	<b>Medium</b> Yes/No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)				<b>Traded:</b>	
				<b>Non-traded:</b>	

***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 SELECT SIGNATORY: \_\_\_\_\_ Date: \_\_\_\_\_

# Summary: Analysis & Evidence

Policy Option 1

Description: Do nothing - leave the existing arrangements in place

## FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

### Description and scale of key monetised costs by 'main affected groups'

The costs of the other options are expressed relative to this do nothing case

### Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

### Description and scale of key monetised benefits by 'main affected groups'

The benefits of the other options are expressed relative to this do nothing case.

### Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OIOO?	Measure qualifies as
Costs: N/A	No	NA
Benefits: N/A		
Net: N/A		

# Summary: Analysis & Evidence

# Policy Option 2

**Description:** Legislative requirements for timely referral to the adoption register

## FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

**Other key non-monetised costs by 'main affected groups'**

The requirements will lead to additional costs to Local Authorities and to the charity/Voluntary Adoption Agency that currently operates the Adoption register.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low			
High			
Best Estimate	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

**Other key non-monetised benefits by 'main affected groups'**

Increased use of the Adoption Register and improvements to the information it holds is expected to reduce the time children wait to be matched and placed for adoption and the number of adoptions that materialise. This is a benefit to local authorities due to the relatively lower cost of supporting adoptive placements and a benefit to children, prospective adopters and wider society through the positive welfare effects associated with the creation of stable adoptive placements.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount rate (%)</b>	3.5
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Evidence suggests that LAs may prefer to match locally. There is also some evidence that the need to pay an inter-agency fee for external placements constrains individual LA use of them. The size of the effect of the policy option on the timeliness of placements and on the number of adoptions is dependent on the size of these mitigating factors and the extent to which other adoption reforms tackle them.

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0	Benefits: £0	Net: £0	Yes	IN

# Evidence Base

## 1. Background

Local Authorities (LAs) can search for an adoptive parent for a looked after child amongst the prospective adopters that they have approved themselves (an 'internal placement'). Alternatively, they can seek out prospective adopters approved by other LAs or by Voluntary Adoption Agencies (an 'external placement'). Voluntary Adoption Agencies focus their effort on the recruitment and assessment of adopters and in providing support to adoption matches. External placements can be searched out by LAs directly, through adoption agency consortia arrangements, or through the Adoption Register. Typically, the search for links by LAs proceeds sequentially with internal placements considered before the consideration of external placements.<sup>1</sup>

The Adoption Register is a database holding information on children awaiting adoption and prospective adopters awaiting a match.<sup>2</sup> It became fully operational in England in April 2002 and in Wales in August 2002 and was initially run by Norwood Jewish Adoption Agency. In December 2004 the contract was re-let and awarded to the British Association for Adoption and Fostering (BAAF). The Register is free of charge for Adoption Agencies to use.

The statutory adoption guidance<sup>3</sup> requires:

- *Agencies to refer children to the Adoption Register when they are not actively considering a local match for the child, i.e. being in the process of exploring a potential match with a named prospective adopter. Referrals can be made either when the agency's decision-maker has decided that the child should be placed for adoption or after three months of that decision during which the agency had unsuccessfully sought a local or consortium match.*
- *Agencies to refer prospective adopters to the Register either at the point the prospective adopter is considered suitable to adopt, or three months after approval to adopt and if the agency is not actively considering a local match with a child. Actively considering is defined as "being in the process of exploring a potential match with an identified, named child(ren)"*

Agencies are also required by statutory guidance to keep the information held on the register about the children and the prospective adopter up to date.

All agencies must first certify that they have the prospective adopters consent to referral. Adopters who haven't been referred to the Adoption Register three months after their approval can self refer themselves.<sup>4</sup> Upon referral, details of the child or prospective adopter are input into the Register database along with information on the child's needs and the prospective adopter's stated preferences. Following this, a search is conducted. Details of prospective adopters identified as a potential match are sent to the child's social worker. The social worker then considers whether to pursue these.

## 2. Problem under consideration

The key problem we are trying to address is delay in the adoption system and the impact that this has on the welfare of children. For children who go on to be adopted, the average time between entering care and moving in with their adoptive family is one year and nine months.<sup>5</sup> Delay in finding a suitable adoptive family for a child can cause lasting harm. Research shows that children need to form attachments, or secure and stable relationships, with one or two main carers in order to develop

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<sup>1</sup> Dance et al (2010) surveyed 74 LAs and 16 VAAs between July and October 2006 with regard to their linking and matching practice. Dance et al (2010). Adoption Agency Linking and Matching Practice in England and Wales – Survey Findings

<http://adoptionresearchinitiative.org.uk/briefs/DCSF-RBX-16-08.pdf>

<sup>2</sup> <http://www.adoptionregister.org.uk>

<sup>3</sup> <http://www.education.gov.uk/aboutdfe/statutory/g0072314/guidance>

<sup>4</sup> <http://www.adoptionregister.org.uk>

<sup>5</sup> See Table E2 of National Statistics on Children Looked After  
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

physically, emotionally and intellectually.<sup>6</sup> Children who are insecurely attached have more difficulties regulating their emotions and showing empathy for others. They may also have difficulties forming attachments later in life.<sup>7</sup> A study following up a sample of children who were adopted or in long-term foster care, found that the later a child was placed with permanent carers the lower the chances of improvement in relation to their emotional and behavioural difficulties.<sup>8</sup> These difficulties, in turn, are associated with an increased risk of the adoptive placement breaking down.<sup>9</sup> Further, there is also evidence showing that a child's likelihood of achieving an adoption reduces with each year of delay.<sup>10</sup>

**Lack of good and timely use of the national family finding resource.** Evidence suggests that many LAs do not make good use of the Adoption Register and that this contributes to delay in the adoption system and the associated negative effects on child welfare. A recent study into family finding and matching, for example, identified that in 30 per cent of cases, delay was associated with slowness in seeking a family outside of a local authority's own group of approved adopters.<sup>11</sup> Here, delay was defined as a child waiting more than 6.5 months for a match after the adoption recommendation. An unpublished analysis of children on referral to the Register in the third quarter of 2009/10 also showed that, of the children for whom a Should be Placed For Adoption decision (ShoBPA) was available, only 32% were referred within 3 months of their ShoBPA date. A leading group of experts from across the adoption sector, who the Government asked to help rethink adoption system, also emphasised that it is 'essential that there is enforcement of the requirement for regular updating of information (especially medical) about children who are waiting since its lack of availability discourages prospective parents'.<sup>12</sup>

### 3. Rationale for intervention

The evidence presented above shows that delay in finding a suitable adoptive family for a child placed for adoption has adverse consequences for their well-being. As well as generating costs to the welfare of the child, these costs generate likely costs to others in society. The evidence shows that a reason for this delay is an unwillingness or reluctance to seek a family outside of an LAs own group of approved adopters. The proposed legislative changes will require local authorities to make full and timely use of the Adoption Register when a suitable internal/local placement cannot be found and improve the accuracy of the information stored on it, so that potential matches are identified at the earliest possible stage. Local authority compliance with the legislation will be monitored through the Ofsted inspection regime.

### 4. Policy objective

We want to ensure that everything possible is done at both a local and national level to find a prompt and suitable match for those children in need of adoption. Making it a legal requirement for local authorities to refer to the Adoption Register children awaiting an adoptive placement and approved prospective adopters in the timescales currently set out in statutory adoption guidance and improving the accuracy of the information held on the Register will enable and facilitate more prompt consideration of external placements. Ultimately, the aim is to reduce the amount of time children wait to be placed for adoption and increase the likelihood of finding of a match for some. Evidence shows that both of these outcomes

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<sup>6</sup> Ward, H.; Brown, R. and Westlake, D. (2012) Safeguarding Babies and Very Young Children from Abuse and Neglect. Jessica Kingsley Publishers.

<sup>7</sup> Child Welfare Information Gateway (2009) Understanding the effects of maltreatment on brain development. [www.childwelfare.gov/pubs/issue\\_briefs/brain\\_development/](http://www.childwelfare.gov/pubs/issue_briefs/brain_development/)

<sup>8</sup> Biehal, N.; Ellison, S.; Baker, C. and Sinclair, I. (2010) *Belonging and Permanence. Outcomes in long-term foster care and adoption.* British Association for Adoption and Fostering.

<sup>9</sup> Selwyn, J.; Sturgess, W.; Quinton, D. and Baxter, C. (2006) *Costs and outcomes of non-infant adoptions*, British Association for Adoption and Fostering.

<sup>10</sup> Selwyn *et al* (2006) *Ibid*

<sup>11</sup> Farmer, E.; Dance, C.; Beecham, J; Bonin, E., and Ouwejan, D. (2010). An investigation of family finding and matching in adoption- briefing paper. DfE-RBX-10-05.

<http://www.adoptionresearchinitiative.org.uk/briefs/DFE-RBX-10-05.pdf>

The study was based on 149 children in 10 English Local Authorities who had an adoption recommendation at panel. 82 were sampled retrospectively and 67 sampled prospectively in 'real time'.

<sup>12</sup> The members of this group and its full set of reform proposals can be found here:

<http://www.education.gov.uk/childrenandyoungpeople/families/adoption/a00205069/action-plan-for-adoption-tackling-delay>

lead to improvements in child well-being as well as generating benefits to others in society due to, for example, the lower cost of maintaining a child in an adoptive placement relative to the cost of foster care.

## 5. Description of options considered

### Policy Option 1: Do nothing - leave the existing arrangements in place

We wish to further encourage local authorities to make sure that everything is done at both a local and national level to find a prompt and suitable match for those children in need of adoption. For this reason, this policy option is not preferred.

### Policy Option 2: Legislative requirements for timely referral to the adoption register

**The Government asked a leading group of experts from across the adoption sector to help them rethink the adoption system in order to get the best for children in need of adoption.<sup>13</sup> They worked together to assess options and developed a set of well-defined policy proposals. Therefore, we intend to consult only on these worked-up proposals.** The main changes under this policy option reflect the suggestions of this group and are, through legislation, to require:

- Local Authorities to refer children to the Adoption Register within three months of the decision that they should be placed for adoption;
- Local authorities to ensure all information held about a child is accurate and up to date; and
- all adoption agencies to refer prospective adopters to the Register immediately upon approval, although approving agencies will have three months to match those adopters locally before the referral to the Register goes 'live' enabling a national search for suitable links to be made.

In addition, we propose to require adoption agencies to agree with each approved prospective adopter a plan setting out what the adopter will do and to what timescales to search for a child, along with the ongoing support to be provided by the agency - the delivery of which to be monitored and subject to report in the agency's annual report. It has not yet been decided whether this matching plan should be implemented through legislation or statutory guidance.

These policies are already set out in statutory guidance, however anecdotal evidence shows that not all local authorities adhere to this guidance. These new legal requirements will come within the new Ofsted inspection framework/ Regime. Ofsted will wish to consider how adoption agencies respond to the challenges of the Government's adoption reform programme, including the use they make of the Adoption Register in finding suitable adoptive families for children. This inspection regime in addition to the signal of the importance of this issue created by the move to legislation is expected to increase compliance and encourage the earlier consideration of external placements.

Voluntary Adoption Agencies will be subject to the legislation insofar as they apply to prospective adopters as these agencies do not work directly with children.

## 6. Monetised and non-monetised costs and benefits of each option

### Policy Option 1: Do nothing - leave the existing arrangements in place

The costs and benefits of the other option are expressed relative to this do nothing case.

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<sup>13</sup> The members of this group and its full set of reform proposals can be found here:  
<http://www.education.gov.uk/childrenandyoungpeople/families/adoption/a00205069/action-plan-for-adoption-tackling-delay>

## Policy Option 2: Legislative requirements for timely referral to the adoption register

The main groups affected by policy option 2 are Local Authorities, Voluntary Adoption Agencies, the charity that runs the adoption register, looked after children, and prospective adopters. We discuss four main impacts:

- An increase in cost for the charity that currently runs the adoption register.
- An increase in costs to Local Authorities from the required referrals and regular updates to information held on children referred to the register
- A change in the speed in which looked after children become adopted; and
- A change in the number of adoptions of looked after children.

If the adoption register referral and updating requirements increases the number of external placements used by LAs, then we will also expect to see an increase in the payments of inter-agency fees. These fees are intended to compensate the VAA or the other LA for the expenditure that they have incurred in recruiting and assessing the prospective adopter. VAAs currently charge £27,000 for placing a child with an adopter that they have approved. The inter-agency fee paid if an LA places a child with an approved prospective adopter provided by another LA is fixed by the Local Government Association and is currently around £13,000. The increase in payments of fees therefore represents a cost to the LA and a benefit to the agency that supplies the prospective adopter.

### **6.1. An increase in cost for the charity that currently runs the adoption register**

More referrals and more frequent updates to the data held on the register will have resource implications for BAAF which is currently contracted by the Department to run the Register. At this stage it is felt that the cost implications of this additional demand would be modest.

### **6.2. An increase in costs to Local Authorities & VAAs from the required referrals and updates to information held on children referred to the register and to the necessary construction of a matching plan for approved prospective adopters**

We have not valued the total cost change brought about by the legislative requirement, though we expect it to be small. A number of local authorities and VAAs may already be adhering to them, but we do not know this proportion. The amount of time it takes to refer and update information on a per-case basis is unlikely to be large.

### **6.3. A change in the speed in which looked after children become adopted**

By requiring Local Authorities to promptly refer children placed for adoption and approved prospective adopters and by improving the accuracy of the information held on the register, we enable a quicker consideration of external placements by Local Authorities. We expect this to lead to reductions in the time it takes to find a match for looked after children that are placed for adoption. This is expected to lead to: cost savings to Local Authorities; benefits to children due to them spending less time in care (which is also expected to create wider benefits to others in society); and benefits to prospective adopters due to being matched with a child more quickly.

To value the cost saving effect we can compare the cost of supporting an adoptive placement per week to the cost of maintaining a child in foster care per week. We can then multiply this cost difference by an estimate of the effect of the policy option on the additional time spent in adoptive placements. **We are unable to forecast the magnitude of the effect of the policy option on the total additional time spent in adoption due to faster matchmaking, but we can illustratively derive an estimate of the cost savings that are associated faster matching. What follows shows the derivation of this estimate.** We discuss a method to value the benefit to children in section 6.4. We are unable to value the benefits to prospective adopters.

Selwyn et al (2006)<sup>14</sup> estimate the cost to Local Authorities (LAs) of: maintaining a child in an adoptive placement before the making of an Adoption Order ('a post-placement unit cost') to be £117 per week on average (2001/2 prices); and providing adoption support services to adoptive families after an Adoption Order ('a post-adoption unit cost') to be £45 per week, on average (2001/2 prices). Noting that the unit cost of in-house foster care in the largest Local Authority in their sample was £318 a week, they estimate a saving to LAs of approximately £201 per child per week post-placement and of £284 per child per week post-adoption order (2001/2 prices).

Selwyn's (2006) estimated adoption costs are based on costs borne by LAs only. 11 of the children in their sample were placed with a prospective adopter that was approved by a Voluntary Adoption Agency (VAA). Placements with prospective adopters that are approved by a VAA typically receive services from LAs and also from that VAA. The entire cost of supporting a placement (regardless of whether it is borne by an LA or a VAA) should be considered for the purpose of social cost-benefit appraisal so that the full value of the resources dedicated to maintaining and supporting an adoptive placement is measured.

Based on a small sample of VAA and LA approved adopters, Selwyn et al (2009, p.65) estimates that the 'post-placement' expenditure incurred by LAs on LA approved adopters is 2.31 times the expenditure that they incur on VAA approved adopters.<sup>15</sup> Recognising that the £117 'post-placement unit cost' described above will be the weighted average of the post placement cost incurred by LAs in supporting LA approved adopter placements (85 out of 96) and VAA approved adopter placements (11 out of 96), we can derive an estimated 'post-adoption unit cost' to an LA of supporting a placement with a prospective adopter that was approved that LA of £125 per week. The estimated 'post-adoption unit cost' to an LA of supporting a match or placement with a prospective adopter that was approved by a VAA is £54 per week.<sup>16</sup> Using the GDP deflator shown in table 1 below, these costs are £164 and £71 per week, respectively, in 2012/13 prices (e.g. £125 x (104.959/79.909) and £54 x (104.959/79.909)).

Table 1: GDP Deflator Series

Financial year	2010-11 = 100	per cent change on previous year
2001-02	79.909	1.84
2002-03	82.007	2.63
2003-04	83.716	2.08
2004-05	86.120	2.87
2005-06	87.874	2.04
2006-07	90.785	3.31
2007-08	92.876	2.3
2008-09	95.666	3
2009-10	97.385	1.8
2010-11	100.000	2.69
2011-12	102.200	2.2
2012-13	104.959	2.7

Note: accessed from [http://www.hm-treasury.gov.uk/data\\_gdp\\_fig.htm](http://www.hm-treasury.gov.uk/data_gdp_fig.htm) on May 2012.

We can follow an analogous approach to derive a 'post-adoption unit cost' to an LA of supporting a match with a prospective adopter that was approved by that LA of £48 per week in 2001/02 prices and a 'post-adoption unit cost' to an LA of supporting a match with a prospective adopter that was approved by

<sup>14</sup> Selwyn et al used case files from four South West Local Authorities on 96 children for whom adoptive homes were found, discussions with staff, and interviews with 64 of the adopters of those children. The children in their sample were aged five years and seven months on average at adoptive placement. A bottom up costing approach was adopted. The amount of time spent in each per-child adoption activity by each worker was calculated. This was then multiplied by staff costs from, whenever available, the Unit Costs of Health and Social Care (Netten et. al., 2001). Otherwise, salaries were estimated or costs were based on actual payments. Selwyn, J., Sturgess, W., Quinton, D., and Baxter, C. (2006). Costs and Outcomes of Non-Infant Adoptions. British Association for Adoption and Fostering; Netten, A.P. and Rees, T. and Harrison, G. (2001) Unit Costs of Health and Social Care 2001. Personal Social Services Research Unit, University of Kent

<sup>15</sup> Selwyn, J., Sempik, J., Thurston, P., and Wijedasa, D. (2009). Adoption and the Inter-Agency Fee. Research Report DCSF-RR149.

<sup>16</sup> That is,  $((85/96) \times £125) + ((11/96) \times £54) = £117$ , where £125 is the cost to LAs of supporting an LA approved adopter (an 'internal placement') and £54 is the cost to LAs of supporting a VAA approved adopter (an 'external placement').

a VAA of £24 per week in 2001/02 prices.<sup>17</sup> This is equivalent to £63 and £32, respectively, in 2012/13 prices (e.g. £48 x (104.959/79.909) and £24 x (104.959/79.909)).

Selwyn et al (2009, p.65) also estimates that the 'post-placement' expenditure incurred by VAAs on adopters approved by that VAA is 2.9 times the expenditure incurred by LAs on the VAA prospective adopter. This implies that the 'post-placement' cost incurred by VAAs on adopters that they have approved is £206 per week in 2012/13 prices (e.g. £71 x 2.9). Selwyn et al (2009, p.66) estimates that the 'post-adoption' expenditure incurred by VAAs on adopters approved by that VAA is 1.6 times the expenditure incurred by LAs on the VAA prospective adopter. This implies that the 'post-adoption unit cost' incurred by VAAs on adopters that they have approved is £51 per week in 2012/13 prices (e.g. £32 x 1.6).

Table 2: Estimated Costs of Adoption (2012/13 prices)

<b>post-placement unit cost of adoption (per week)</b>		
	<b>Cost to LAs</b>	<b>Cost to VAAs</b>
LA approved adopter	£164	-
VAA approved adopter	£71	£206
<b>post-adoption unit cost of adoption (per week)</b>		
LA approved adopter	£63	-
VAA approved adopter	£32	£51

The unit cost of in-house foster care estimate used by Selwyn (2006) was based on a top-down costing approach. Ward et al (2008), on the other hand, present a detailed bottom-up analysis of the costs of services provided to looked after children based on a sample of 478 children looked after by three matched pairs of local authorities.<sup>18</sup> These estimates are preferred here as they are derived via the same costing methodology as the adoption cost estimates.

The estimated costings varied markedly depending on the background, needs, and resulting care experiences and journey of the child. Curtis (2011, p.119- 121) also depicts estimated costs of different looked after children based on their need levels and hypothetical care journeys, based on the Ward et al (2008) analysis.<sup>19</sup> Over a 87 week period, the cost of maintaining the placement of a child 'no evidence of additional support needs' or with 'emotional or behavioural difficulties' with local authority foster carers is seen to be around £450 per week (2010/11 prices). Two reviews of a placement and two updates to the child's care plan per year by an LA costs an estimated £1206 per annum, or around £23 per week. Adding this to the cost of maintaining the placement gives a figure of £473 per week for a local authority foster care placement in 2010/11 prices). Uplifting to 2012/13 prices using the GDP deflator gives a cost per week of £496 for maintaining a local authority foster care placement.

Using a placement with a VAA approved adopter as the intervention case and a placement with a local authority approved foster carer as the counterfactual and the mean cost estimates presented above, we can place values on the resource use consequences of an increase in the speed in which looked after children become placed for adoption. Moving a child into an adoptive placement one week faster leads to cost savings of: foster care cost per week - post-adoption unit cost per week. Using estimates derived above, this is given by £496 – (£51 + £32). We therefore estimate that increasing the speed of finding an adoptive placement with a VAA approved adopter, all else equal, leads to savings of £413 per week (2012/13 prices).

When a local authority places a child with an adopter approved by a VAA, they pay an inter-agency fee. This is intended to compensate the VAA for the expenditure that they incurred in recruiting and approving the prospective adopter and also for support that the VAA will provide to help maintain the adoptive placement. VAAs currently charge £27,000 for placing a child with an adopter that they have approved. If the inter-agency fee covers the increased cost borne by VAAs due to the additional time

<sup>17</sup> Selwyn et al (2009, p.66) estimates that the 'post-adoption' expenditure incurred by LAs on LA approved adopters is 1.99 times the expenditure incurred on VAA approved adopters.  $((85/96) \times £48) + ((11/96) \times £24) = £45$ , where £48 is the cost to LAs of supporting an LA approved adopter (an 'internal placement') and £24 is the cost to LAs of supporting a VAA approved adopter (an 'external placement').

<sup>18</sup> Ward, H., Holmes, L. & Soper, J. (2008) *Costs and Consequences of Placing Children in Care*, Jessica Kingsley Publishers, London.

<sup>19</sup> Curtis, L. (2011). Unit Costs of Health and Social Care 2011. Personal Social Services Research (PSSR) Unit, University of Kent.

spent in adoptive placements due to the policy option, then the implication is that the cost of maintaining an adoptive placement is, in fact, borne by the LA. Since this additional cost is less than the cost that would have been borne by LAs in maintaining a foster care placement, the net cost saving to LAs, and society as a whole, remains. There is some evidence to suggest, however, that the inter-agency fee does not, on average, cover VAA expenditure with some subsidising their adoption services from charitable funds.<sup>20</sup> Nevertheless, the voluntary acceptance of a match by a VAA implies that the benefit that they derive exceeds the cost that they incur.

#### 6.4 A change in the number of adoptions of looked after children

We also expect potentially more (i.e. additional) adoptive matches to materialise due to the legal requirement to refer children and adopters to the Register. This will also lead to resource cost savings. It will lead to benefits to children due to them spending less time in care (which is also expected to create wider benefits to others in society); and benefits to prospective adopters due to the increase in the amount of time they are able to spend with an adopted child.

**We are unable to forecast the effect of the policy option on the time children spend in care due to an increased number of adoptions, but we can derive an indication of the cost savings that would be associated with this if we had did have this estimate. What follows shows the derivation of this illustrative indication. Here we also present a method to value the benefit to children and wider society due to an additional adoption. Again we are unable to value the total number of additional adoptions that the policy will generate. We are unable to value the benefits to prospective adopters.**

Generating an adoptive placement that would not have materialised in the policy options absence leads to resource savings given by the following formula:

(foster care cost per week - post-placement unit cost per week) x (number of weeks maintained in an adoptive placement before the making of an Adoption Order)

+

(foster care cost per week- post-adoption unit cost per week) x (number of weeks spent with an adopter under an adoption order).

Based on data covering the period 2008/09 to 2010/11, the average number of months maintained in an adoptive placement before the making of an Adoption Order was 10 months.<sup>21</sup> The number of months spent under an adoption order is determined by the age at which the child is adopted and the duration of the placement. The average age at adoption is around 4 years old.<sup>22</sup> Estimates of adoption breakdown have tended to put it at around 20%, however others have argued that the true figure is much lower at around ten percent for children adopted under the age of five, and just three percent for those adopted under the age of one.<sup>23</sup> Using estimates above, assuming that an additional adoptive placement has a 20% chance of disruption, and assuming that if the placement were not to disrupt it would last for 12 years, gives an estimated expected cost saving for an additional adoption with a VAA approved adopter of:

$[(£473 - £277) \times 4.35 \text{ weeks in a month} \times 10 \text{ months}] + [((£473 - £83) \times 4.35 \text{ weeks in a month} \times 134 \text{ months}) \times 0.8] = £188,686$  (2012/13 prices).

To estimate the benefits to looked after children due to faster or additional adoptions, we could compare adolescent educational and adulthood labour market outcomes across those who experienced a childhood in foster care to those who were adopted in order to quantify the effects of adoption on these outcomes.

<sup>20</sup> Selwyn et al (2009) Ibid

<sup>21</sup> National Statistics on Children Looked After by Local Authorities, Table E2  
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

<sup>22</sup> National Statistics on Children Looked After by Local Authorities, table E1  
<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

<sup>23</sup> Department for Education (2012, p.16) An Action Plan for Adoption: Tacking Delay

However, there are very few UK studies to have done this. The vast majority of impact analyses focus on childhood and early-adolescent psychosocial outcomes of adoptees.<sup>24</sup>

Selwyn et al (2009, p. 48) do, however, note that the few studies that have examined adulthood outcomes of adoptees, such as their socio-economic status, show that their profile is similar to that of the general population. However, they caution the use of these findings for the characteristics of children placed and the social context has changed significantly since the time of these studies. More recently, Selwyn and Wijedasa (2011) present evidence from the first six annual waves of data from the Longitudinal Study of Young People in England (LSYPE) also showing similarities in adoptee outcomes to that of the general population.<sup>25</sup> However, the findings from this study also merit caution due to small sample sizes.

Overall, therefore, evidence does suggest that adopted children are less likely to be NEET and more likely to obtain better educational qualifications than those who remain looked after. Their outcomes are more in line with those of the general population.

Coles et al (2010, p.5) point to evidence showing that, at the end of 2008, 10.3 per cent of 16-18 year olds in England were NEET. In contrast to this, national statistics on Children Looked After by Local Authorities shows that around 30 per cent of care leavers who were looked after when aged 16 are NEET when aged 19.<sup>26</sup> Assuming that adoption imparts children with the same expected socio-economic outcomes as the general population, this implies that an adoption reduces the likelihood of NEET status by 19.3 per cent.

Godfrey et al (2002) estimate that the lifetime welfare cost of being NEET between the ages of 16 and 18 is in the region of £45,000 (2000/01 prices).<sup>27</sup> Coles et al (2010) generate an up-dated and higher estimate of over £104,000 due to primarily to the growing wage differentials across the NEET/non-NEET groups.<sup>28</sup> This implies that an additional adoption generates expected wider social benefits of £20,072 (e.g. £104,000 x 0.193). It is important to emphasise that this estimate assumes that the NEET status likelihood during young adulthood of the additional adopted child, if they were not adopted, is the same as the average likelihood of the population of children in care when aged 16. Likewise, it assumes that the NEET status likelihood of the additional child once adopted is the same that the NEET likelihood of the general population of young adults.

## 7. Risks and assumptions

The preferred policy option encourages and facilitates the more prompt consideration of external placements by Local Authorities searching for a match for a looked after child placed for adoption by presenting potential external matches to LAs quicker. It may be however that LAs prefer to match locally if local matches are easier to arrange for LA social workers. There is also evidence that the need to pay an inter-agency fee for external placements constrains individual LA use of them.<sup>29</sup> The evidence for this, however, is anecdotal.<sup>30</sup> Therefore the size of the effect of the policy option on adoption timeliness and

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<sup>24</sup> Selwyn et al (2009) *Ibid*; Selwyn, J., and Wijedasa, D. (2011). *Transition to Adulthood for Young People in Adoptive Care*. University of Bristol

<sup>25</sup> The LSYPE began in 2003 with a representative sample of 15,770 young people aged 13-14 years. The data is collected annually and interviews will be carried out until the young people turn 25 years of age. Selwyn and Wijedasa also linked their dataset to the administrative records of the National Pupil Database (NPD).

<sup>26</sup> National Statistics on Children Looked After by Local Authorities, table F1

<http://www.education.gov.uk/rsgateway/DB/SFR/s001026/index.shtml>

<sup>27</sup> Godfrey, C., Hutton S., Bradshaw, J., Coles. B., Craig G., Johnson, J. (2002) Estimating the cost of being “not in education, employment or training” at age 16-18yrs Research Brief RB346, DfES

<sup>28</sup> Coles, B., Godfrey, C., Keung, A., Parrott, S., and Bradshaw, J. (2010). Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment or Training. Department of Social Policy and Social Work and Department of Health Sciences. The University of York.

<sup>29</sup> The inter-agency fee is set by the Consortium of Voluntary Adoption Agencies (CVAA) for VAA placements and by the Local Government Association (LGA) for LA-to-LA placements. It enables the agency that recruited and approved the prospective adopters, to recoup their costs.

<sup>30</sup> See Selwyn et al (2009, p.14). Selwyn, J., Sempik, J., Thurston, P., and Wijedasa, D. (2009). *Adoption and the Inter-Agency Fee*. Research Report DCSF-RR149.

quantity is dependent on the size of these mitigating factors and the extent to which other adoption market reform policies affect them.

Further work with stakeholders, together with the consultation on regulatory change will enable more informative evidence on likely costs.

#### **8. Direct costs and benefits to business calculations**

The charity that runs the adoption register is expected to see an increase in demand for the service. An increase in resource use required in response to this is a cost to them. At this stage we are unable to accurately forecast this cost.

#### **9. Summary and preferred option with description of implementation plan**

We propose to require through legislation: Local Authorities to refer children to the Adoption Register within three months of the decision that they should be placed for adoption and to ensure that the information held about children is up to date and accurate; and all adoption agencies to refer prospective adopters to the Register immediately upon approval, although agencies will have three months to match those adopters locally before the referral to the Register 'goes live' enabling a national search for suitable links. In addition, we propose to require adoption agencies to agree with each approved prospective adopter a plan setting out what the adopter will do and to what timescales to search for a child, along with the ongoing support to be provided by the agency - the delivery of which to be monitored and subject to report in the agency's annual report.

It is intended that these amendments will come into force, following full public consultation, as early as possible in 2013.