

## **Progress update – Children’s services research project**

**27 March 2018**

This is a brief update on the fair funding review’s Children’s services research project ahead of the discussion this Wednesday 28 March. LG Futures were appointed as the lead contractor for the work in November 2017. They are working alongside academics from the Universities of Huddersfield and Plymouth, including Professor Paul Bywaters who is well known for his work on Children’s Social Care.

To date the contractors have done a significant amount of work engaging with sector stakeholders including:

- Local Government Association (and Newton Europe)
- London Councils
- Children’s Commissioner
- Action for Children
- National Children’s Bureau
- ADCS Resources and Sustainability Policy Committee
- DfE Service Working Group of Education and Children’s Services
- Chief Social Worker for Children and Families
- County Directors of Children’s Services and CCN Policy & Strategy Group
- SIGOMA
- Unitary Councils’ Network

Following discussions with these key stakeholders, LG Futures have undertaken an in-depth review of available data and, with input from DfE and MHCLG have been undertaking feasibility studies into the suitability of and access to different data sources.

## Approaches:

- LG Futures have identified two key options for building the model, given the available data:
  - An **'Area-Based Approach'**, the approach, collecting Children's Services activity data (e.g. no. of referrals, weeks spent in care) from Local Authorities at either Lower Layer Super Output (LSOA) and/or Middle Layer Super Output (MSOA) ONS geographies. This would then be combined with national average costs for each activity identified (potentially using the Loughborough Cost Calculator for Children's Services, combined with s251<sup>1</sup> data) to produce the model;
  - A **'Person-Based Resource Allocation Approach' (PBRA)**, suggested by academic specialists working with LG Futures. This would use individual-level data for a data linkage exercise using existing datasets, including the National Pupil Database (NPD) in combination with person-level social care activity data held by DfE. Some LA-level data collection is likely to still be required to supplement the information contained in the NPD.

## What do we get from each option?

Essentially both options will provide a model which will predict relative need to spend in Local Authorities. In order to do this, both will provide a prediction, at LA level, of demand for services based on demographic and socio-economic characteristics of the area. LA allocations are still determined by the populations of the key cost drivers identified for the service area. While an area-based approach will do this by predicting at Lower or Middle Super Output Area (using ONS geographies), PBRA will do this by predicting at an individual level. It is important to note that demand is predicted based on these socio-economic characteristics. An LA managing demand down through local policy choices, or one in which fewer children are being assessed / admitted to the system for other reasons, will still receive a grant allocation *based on their expected level of service demand*.

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<sup>1</sup> S251 data are LA returns breaking down spend on different aspects of children's services. They provide a more detailed categorical breakdown of spend than RO data returns.

In order to attach relative costs to demand indicators, both options propose potentially using the Loughborough Cost Calculator in conjunction with reported spending from s251 data. In building a Relative Needs model this would be used to look at the relative difference in cost between different activities. This means that although actual spend data is being used, no individual authority will have a particular effect on the aggregate data: this approach does not try to determine the absolute cost of an intervention, simply the relative cost of service x compared to service y nationally.

Both approaches will provide similar models and outputs. A PBRA approach would be preferred from an analytical point of view, as the predictive power of using individual level data rather than local area data is likely to make the model more robust, however, the data requirements for this approach are more demanding. This is particularly the case in an area such as Children's Services with such high variation and relatively low incidence rates for particular services.

### **What next?**

Several datasets would need to be used alongside the NPD in order to provide fuller coverage of the child population. These are all DfE held datasets and include: the Early Years census, Alternative Provision census and additional information from the Independent Schools team. In addition these would be supplemented with data from the ONS mid-year estimates. It is estimated that from all of this information we would have good data on c80% of the child population (which would provide an analytically robust dataset).

MHCLG and DfE have chosen a PBRA approach as the preferred option. While good progress has been made on this to date, work is still ongoing into the feasibility of the complex data linkages required when using the NPD, to ensure the most robust quality of data. The final model is likely to utilise aspects of both of the approaches described above to create the most complete picture of predicted service demand in each LA.

Through a PBRA approach, supplementary data is likely to be needed at sub-LA level geographies, therefore, alongside the data scoping and feasibility work, LG Futures have also been preparing for additional data collection. Should a PBRA approach prove unfeasible

due to data requirements, a more extensive data collection exercise with local authorities will be utilised to provide the data needed to build the model.

A fuller update on progress to date will be discussed at the meeting, with attendees from DfE and LG Futures.