EXECUTIVE SUMMARY

There is an increasing need for Government agencies to demonstrate achievement of their objectives and accountability for the funds they administer. The NSW Department of Community Services is committed to building a solid evidence base to ensure that policy and program development is underpinned by robust evidence. This is helping us make more informed decisions about how to best support children and families as early as possible, to provide out-of-home-care with a stable and supportive environment and to reduce the trauma and costs associated with child abuse.

DoCS programs have significant social and economic benefits and it is important that these benefits are identified and quantified as far as possible. DoCS’ Economics, Statistics and Research Directorate (ES&R) is focused on demonstrating the economic and social value of a range of DoCS programs and services so that public funding decisions are well informed.

In 2002, DoCS commenced a new program aimed at increasing the number of children and young people in out-of-home care (OOHC) being restored to their families. In this model, DoCS caseworkers are quarantined to perform specialised activities with stakeholders for children in OOHC whose case plan goal is restoration to their birth parents. The program involves caseworkers visiting families in their own homes to improve their strengths, advocating for them to secure permanent accommodation, and coordinating services such as drug and alcohol rehabilitation and family counselling. Work with the child and the foster carer also occurs to prepare them for the restoration. Family contact visits are frequent and are supervised by the caseworker to monitor progress against the restoration goal.

A cost benefit analysis of the program conducted by ES&R found that the higher cost of restoration due to a more intensive caseload was more than offset by savings in out-of-home care costs over time due to a greater percentage of children being restored to their families (relative to a comparison area). A positive net benefit indicates that investment in the project is worthwhile.

While the findings are encouraging, the sample size was small and the analysis assumes that restorations in both groups remain intact. The benefits achievable by this sort of program are likely to be underestimated, given that broader benefits to children, families and the community have not been incorporated into the analysis. These benefits could include increased rates of school completion leading to higher lifetime earnings for the affected children, improved parenting skills, and reduced parental drug use.
In certain circumstances, children and young people experiencing significant harm or abuse may be placed into OOHC by DoCS. Where restoration to family is in the child’s best interests, DoCS is committed to ensuring that restoration occurs. In 2002, DoCS’ Campbelltown Community Service Centre (CSC) in the Metro South West Region commenced a new service model aimed at increasing the number of children in OOHC being restored to their natural families where restoration was feasible.

In this model, DoCS caseworkers are quarantined to perform specialised activities with stakeholders for children in OOHC whose case plan goal is restoration to their birth parents. Children eligible for the program are those who have been taken into care and have a short term Court order of Parental Responsibility to the Minister with a case plan goal of restoration. The child’s removal is usually as a result of significant drug and alcohol issues in the family, domestic violence and/or physical abuse.

The program involves caseworkers visiting families in their own homes to improve their strengths, advocating for them to secure permanent accommodation, and coordinating services such as drug and alcohol rehabilitation and family counselling. Work with the child and the foster carer also occurs to prepare them for the restoration. Family contact visits are frequent and are supervised by the caseworker to monitor progress against the restoration goal. Casework intensity is greater than for similar cases in other areas.

As part of the wider evaluation of the Campbelltown CSC Restoration Project, ES&R has developed an economic model to assess the efficiency and effectiveness of the Campbelltown CSC Restoration Project compared with the approach to restoration at other CSCs. The costs and benefits associated with a typical restoration case at Campbelltown CSC are compared with the costs and benefits of a typical restoration case at two comparison CSCs in the same region, Fairfield CSC and Liverpool CSC.

Anticipated benefits of the Campbelltown CSC Restoration project included savings in payments to foster carers (allowance and contingency payments) and caseworker effort over time because of a higher probability of successful restoration and a shorter time to restore, compared with cases with a goal of restoration at the comparison CSCs. However, contingency payments made to carers of children being restored and the caseworker to client ratio during the process of restoration were expected to be higher in Campbelltown compared with the comparison CSCs.

Data on the time taken to restore, the rate of successful restoration, and average allowance and contingency payments have been collected for all Campbelltown CSC restoration cases with an entry into care date from 2000. The same data were collected through a retrospective analysis for a sample of similar cases at Fairfield and Liverpool CSCs. While there were some issues regarding the extent to which the comparison group represented a true comparison group, the
findings of the analysis provide an indication of the net benefits that could be achieved from a restoration program such as Campbelltown’s.

ANALYSIS

Data Sources

The per child additional costs and benefits associated with the Campbelltown CSC Restoration Project have been estimated by Economics and Statistics, based on:
- relevant data about restoration cases at Campbelltown CSC and the comparison CSCs,
- annual caseworker unit costs from the DoCS Costing Manual,
- available data on the time children spend in care, and
- advice from the Evaluation Working Group.

The information has been used to estimate, for an average restoration case at Campbelltown CSC:
- the additional costs of extra caseworker time pre-restoration per case,
- the additional costs of higher allowance and contingency payments,
- the additional benefits of reduced OOHC financial payments due to a higher proportion of children being restored to their natural families, and
- the additional benefits of reduced caseworker time overall due to a higher proportion of children being restored to their natural families.

Main Findings

Table 1 summarises the main findings of the cost benefit analysis:

<table>
<thead>
<tr>
<th>Main Findings</th>
<th>Additional Benefits</th>
<th>Additional Costs</th>
<th>Net Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caseworker time</td>
<td>$5,391</td>
<td>$8,311</td>
<td>-$2,920</td>
</tr>
<tr>
<td>Allow&amp;Cont payments</td>
<td>$6,082</td>
<td>-$5,128</td>
<td>$11,210</td>
</tr>
<tr>
<td>Total</td>
<td>$11,473</td>
<td>$3,183</td>
<td>$8,290</td>
</tr>
</tbody>
</table>

In summary, the net benefits per child of the Campbelltown Restoration Project are positive and total $8,290 ($11,473 less $3,183). The additional benefits caused by the higher rate of successful restoration outweigh the additional costs of the Campbelltown Restoration Project, compared with the comparison CSCs.

The net present value of additional benefits total $11,473 per average restoration case at Campbelltown CSC compared with average restoration cases at the comparison CSCs. 53% of the additional benefits are due to savings in allowance

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1 Because the likelihood of restoration was unrelated to child age, costs and benefits for an average child have been estimated.

2 Based on a real discount rate of 7%. Net benefits remain positive even when alternative discount rates of 4% and 10% are used.
and contingency payments and 47% are due to savings in caseworker effort caused by the successful restoration. Savings are realised through a higher percentage of successful restorations\(^3,4\) at Campbelltown CSC, 81%, compared with 65% at the comparison CSCs. Children are restored to their natural families more quickly at the comparison CSCs relative to Campbelltown CSC, 1.16 years compared with 1.30 years. However, the higher rate of successful restoration at Campbelltown CSC overrides this impact.

The net present value of additional costs total $3,183 per average restoration case at Campbelltown CSC compared with average restoration cases at the comparison CSCs. This means that on average it costs more to restore children at Campbelltown, due to the additional costs of the higher caseworker to client ratio ($8,311) which outweigh the lower costs of allowance and contingency payments (-$5,128) per restoration case at Campbelltown CSC. Total costs comprise the costs of children who are restored and the costs of children who are not restored and the latter costs are greater than the former due to the greater amount of time spent in the restoration program. While costs in terms of caseworker effort are higher at Campbelltown, the effect is outweighed by avoided future allowance and contingency payments and caseworker time because the rate of successful restoration is higher at Campbelltown.

Analysis of the time children spend in OOHC reveals that children who stay in care for at least 1.5 years stay for an average of six years\(^5\). Therefore, benefits (in terms of the avoided costs) are projected over a six year horizon. This is a reasonable assumption given that the average age at time of restoration was seven years for Campbelltown and six years for the comparison group. Benefits do not commence until the second year after program entry, because on average it takes 1.30 years and 1.16 years for a child to be restored at Campbelltown and the comparison CSCs respectively.

Costs associated with restoration commence in year one. However, the time spent in care prior to children being identified as eligible for restoration, (0.8 years in Campbelltown and comparison CSCs)\(^6\) and the costs associated with these activities is excluded from the analysis.

**DISCUSSION**

The findings suggest that the Restoration Project at Campbelltown CSC delivers a net economic benefit to DoCS. A positive net benefit indicates that investment in the Campbelltown Restoration project is worthwhile.

\(^3\) The percentage of successful restorations takes into account those children whose restoration fails after some period of time. The analysis assumes that failed restorations occur within one year of the initial restoration and children return to care within that year.

\(^4\) Young people who self-restored, identified as those who left care/were restored at 16 years, were treated as unsuccessful restorations.

\(^5\) Source: DoCS OOHC Funding Model

\(^6\) Based on advice from the Evaluation Working Group
Broader benefits to children and families and the community have not been incorporated into the analysis. These benefits could include increased rates of school completion leading to higher lifetime earnings for the affected children, improved parenting skills, and reduced parental drug use. In this way, the cost benefit analysis is a conservative measure of the benefits associated with the restoration program at Campbelltown. However, there are a number of reasons why the findings need to be used as broad estimates only.

Firstly, data on a sample of cases with an entry date from 2000 where restoration was identified as a case plan goal at Liverpool and Fairfield CSCs were combined to represent the relative success of the restoration process at a typical or comparable CSC. Combining the restoration cases at the two CSCs expanded the sample to a total of 20 children\(^7\) and while the sample size was considerably less than Campbelltown (54), the data provided some useful comparative measures for the analysis.\(^8\)

While significant effort was made to identify a suitable comparison group, there was some concern that the comparison data did not represent the full population of comparable cases but consisted largely of cases where restoration was achieved (either temporarily or permanently). This was suggested by the high percentage of temporarily restored children in the comparison sample (85%), though many of these children later returned to care. In any case, even if the full population of attempted restorations in the comparison group were included, the overall percentage of successful restorations for this group would fall below 65%, and would lead to greater net benefits of the Campbelltown Restoration Project.

95% of children in the Campbelltown sample were receiving a standard care allowance (annualised at $9,100). Children who were receiving non-standard allowance payments in the original comparative group were removed to improve the comparability of the two groups. Despite this, the average annualised contingency payment per child in the comparison CSCs was almost twice the average annualised contingency payment per child for Campbelltown CSC ($4,153 versus $2,092). This finding contradicts the original expectation that contingencies for children in the Campbelltown Restoration Project would be higher than those paid for children being restored at other CSCs. This could be due to a greater focus on casework relative to contingencies at Campbelltown compared with the comparison CSCs.

Restoration support costs through the Department’s Family Initiative Fund (FIF) were not incorporated into the analysis for two reasons:
- FIF payments cannot be linked to individual recipients and it was not possible to calculate the average FIF payment per child in the Campbelltown Restoration Project and restoration cases at the comparison CSCs.

\(^7\) The original sample supplied from Metro South West Region comprised 33 cases. Ten cases with an entry into care date prior to 2000 were excluded. A further three cases showed a pattern of allowance payments similar to high needs kids and were therefore excluded, leaving a sample of 20 for comparative purposes.
\(^8\) The sample comprised 13 children from Fairfield and 7 children from Liverpool.
- the Evaluation Working Group advised that FIF payments would not be likely to vary considerably between Campbelltown and other similar CSCs.

Therefore, if FIF support costs post restoration do differ between CSCs, the net benefits of the Campbelltown CSC Restoration Project may be less favourable. However, there was evidence of allowance and contingency payments being made to carers following the date of restoration in the Campbelltown sample and comparison CSCs and these payments were included in the analysis.³ Three months of caseworker support following restoration for both the Campbelltown and comparison CSCs was also included in the analysis.

The analysis assumes that children who are successfully restored at Liverpool and Fairfield CSCs and Campbelltown CSC as at April 2005 remain restored with their natural parents, and benefits continue to accrue in terms of savings in caseworker time and avoided allowance and contingency payments up until the time when they would have spent 6 years in care¹⁰. If the rate of breakdown of restoration following this point in time differs between the CSCs, then this may affect the findings.

Average annualised contingency payments per child participating in the Campbelltown Restoration Project were higher than average annualised contingency payments per child for the Metro South West Region¹¹ ($2,092 versus $1,657¹²). Regional differences in the way in which allowances and contingencies are used and monitored may impact on the relative economic benefit of rolling out the Campbelltown Restoration Project across NSW.

³ Allowance overpayments were estimated by comparing the appropriate payment amount based on the reported time in care with the actual payment. Contingency overpayments were identified as those contingency payments made following the reported restoration date.
¹⁰ Recent data from the Campbelltown CSC Restoration Project showed that the successful restoration rate remains at 81%. However, the same data was not available for the comparison sites.
¹¹ For a child receiving a standard care allowance.
¹² Source: DoCS OOHC Financial Summary Report 01/03/05 to 28/02/06.
Appendix A: Unit Costs

This section describes the costs associated with the Restoration project at Campbelltown and restoration activities at the comparison CSCs. The costs were developed by Economics and Statistics based on advice from the Evaluation Working Group. Costs are for the average child participating in the restoration project\textsuperscript{13}. All costs are in 2006 dollars and the analysis adopts a real discount rate of 7%.

**Campbelltown CSC**

The per child cost of the Campbelltown CSC Restoration Project is $37,522.

Table A1 shows the cost of the Campbelltown Restoration project for the average child participating in the program. The cost comprises caseworker time and allowances and contingencies. The cost may underestimate the true cost as FIF payments were excluded from the analysis. However, because the Campbelltown sample comprised a significantly higher number of sibling groups compared with the comparison group (85% of children at Campbelltown CSC belonged to a sibling group compared to 40% of children in the comparison group), the cost per client could be lower due to casework generally being conducted for sibling groups rather than for individual children.

Table A1: Average cost of the Campbelltown CSC Restoration Project per child

<table>
<thead>
<tr>
<th>Costs - Campbelltown</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;C Payments</td>
<td>$2,311</td>
<td>$6,537</td>
<td>$1,495</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$10,343</td>
</tr>
<tr>
<td>Caseworker Time</td>
<td>$5,915</td>
<td>$17,437</td>
<td>$3,827</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$27,179</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$8,226</td>
<td>$23,973</td>
<td>$5,322</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$37,522</td>
</tr>
</tbody>
</table>

Assumptions:
- Following identification of eligibility for the Restoration Project, a caseworker is appointed and the caseworker to client ratio is 1:5. The cost of a caseworker is approximately $148,000 (DoCS Costing Manual).
- Identification of eligibility for restoration takes on average 0.8 years from the date of entry into care so costs in year one are reduced by 0.8*12 months.
- Children in the Restoration Project who have a successful restoration are restored after 1.3 years from the time of entry into care and children who are not restored successfully stay in the Restoration Project for 2.8 years from the time of entry into care\textsuperscript{14}.
- Average annual contingency payment during restoration is $2,092 and average annual allowance payment during restoration is $9,464 (standard care allowance of $364 per fortnight)\textsuperscript{15}.
- Allowance and contingency payments post restoration totalled $2,526 and this cost was assumed to occur within the year of restoration i.e. year 2.
- 0.25 years of casework following restoration date (caseworker to client ratio is 1:5).

\textsuperscript{13} Costs were not differentiated by age because child age was not related to the likelihood of a successful restoration

\textsuperscript{14} Based on advice from the Evaluation Working Group

\textsuperscript{15} Over 95% of the Campbelltown sample was receiving a standard care allowance.
Comparison CSCs

The per child cost of restoration activities at Liverpool and Fairfield CSCs is $34,339.

Table A2 shows the cost of restoration activities per client at Liverpool and Fairfield CSCs. Costs comprise caseworker time and allowances and contingencies. The cost underestimates the true cost as FIF payments were excluded from the analysis.

Table A2: Average cost of restoration activities at Fairfield/Liverpool CSC per child

<table>
<thead>
<tr>
<th>Costs - Fair/Liver</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;C Payments</td>
<td>$2,723</td>
<td>$9,418</td>
<td>$3,330</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$15,471</td>
</tr>
<tr>
<td>Caseworker Time</td>
<td>$3,697</td>
<td>$10,650</td>
<td>$4,521</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$18,868</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$6,420</td>
<td>$20,068</td>
<td>$7,851</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$34,339</td>
</tr>
</tbody>
</table>

Assumptions:
- Following identification of eligibility for restoration, a caseworker is appointed and the caseworker to client ratio is 1:8. The cost of a caseworker is approximately $148,000 (DoCS Costing Manual).
- Identification of eligibility for restoration takes on average 0.8 years from the date of entry into care so costs in year one are reduced by 0.8*12 months.
- Children in the Restoration Project who have a successful restoration are restored after 1.16 years from the time of entry into care and children who are not restored successfully stay in the Restoration Project for 2.8 years from the time of entry into care\(^{16}\).
- Average annual contingency payment during restoration is $4,153 and the average annual allowance payment is $9,464 ($364 per fortnight).
- Allowance and contingency payments post restoration totalled $5,992 and this cost was assumed to occur within the year of restoration i.e. year 2.
- 0.25 years of casework following restoration date (caseworker to client ratio is 1:8).

\(^{16}\) Based on advice from the Evaluation Working Group
Appendix B: Estimating Benefits

This section describes the benefits associated with the Restoration Project at Campbelltown CSC and the benefits associated with restoration activities at the comparison CSCs. Benefits were estimated based on advice from the Evaluation Working Group and data on the time taken to restore, the likelihood of restoration and other relevant data from a case file analysis from Campbelltown CSC, Fairfield CSC and Liverpool CSC. All benefits are in 2006 dollars and the analysis adopts a real discount rate of 7%.

Benefits of restoration are caused by savings in allowances and contingencies which would have been paid to carers had the child not been restored and savings in caseworker time due to children being restored to their natural families. The differences in benefits between Campbelltown CSC and the comparison CSCs are caused by the fact that the percentage of children who are restored is higher at Campbelltown CSC compared with the comparison CSCs.

Campbelltown CSC

Benefits per child participating in the Campbelltown Restoration Project total $65,346. Benefits commence in year 2 because on average it takes 1.30 years for children who are successfully restored to be restored to their natural families.

Table B1: Average benefits of the Campbelltown CSC Restoration Project per child

<table>
<thead>
<tr>
<th>Benefits - Campbelltown</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;C payments savings</td>
<td>$0</td>
<td>$5,954</td>
<td>$7,915</td>
<td>$7,397</td>
<td>$6,913</td>
<td>$6,461</td>
<td>$34,639</td>
</tr>
<tr>
<td>Caseworker time savings</td>
<td>$0</td>
<td>$5,278</td>
<td>$7,016</td>
<td>$6,557</td>
<td>$6,128</td>
<td>$5,727</td>
<td>$30,707</td>
</tr>
<tr>
<td>Total Benefits</td>
<td>$0</td>
<td>$11,232</td>
<td>$14,931</td>
<td>$13,954</td>
<td>$13,041</td>
<td>$12,188</td>
<td>$65,346</td>
</tr>
</tbody>
</table>

Assumptions:
- It takes on average 1.30 years for children who are restored to be restored to their natural families. Benefits start in year 2 and are reduced by 0.3*12 months for that year.
- Out of all the children who were identified as being eligible for the Restoration Project, 81% were successfully restored (and did not return to care).
- Children who stay in OOHC for at least 1.5 years stay for an average of 6 years. Therefore, benefits are projected over six years.
- The caseworker to client ratio is 1:15.
- CYP for whom restoration is unsuccessful or who return to care following restoration remain in statutory care and are paid a standard care allowance. The annual allowance savings are $9,464 ($364 per fortnight) and the annual contingency savings are $1,657.

Comparison CSCs

Benefits per child involved in restoration activities at Fairfield and Liverpool CSCs total $53,874. Benefits commence in year 2 because on average it takes 1.16 years for children who are successfully restored to be restored to their natural families.
### Table B2: Average benefits of restoration activities at Fairfield/Liverpool CSCs per child

<table>
<thead>
<tr>
<th>Benefits - Fair/Liver</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A&amp;C payments savings</td>
<td>$0</td>
<td>$5,675</td>
<td>$6,314</td>
<td>$5,901</td>
<td>$5,515</td>
<td>$5,154</td>
<td>$28,558</td>
</tr>
<tr>
<td>Caseworker time savings</td>
<td>$0</td>
<td>$5,031</td>
<td>$5,597</td>
<td>$5,231</td>
<td>$4,889</td>
<td>$4,569</td>
<td>$25,316</td>
</tr>
<tr>
<td><strong>Total Benefits</strong></td>
<td><strong>$0</strong></td>
<td><strong>$10,705</strong></td>
<td><strong>$11,911</strong></td>
<td><strong>$11,132</strong></td>
<td><strong>$10,403</strong></td>
<td><strong>$9,723</strong></td>
<td><strong>$53,874</strong></td>
</tr>
</tbody>
</table>

Assumptions:
- It takes on average 1.16 years for children who are successfully restored to be restored to their natural families. Benefits start in year 2 and are reduced by 0.16*12 months for that year.
- Out of all the children who were identified as being eligible for the restoration, 65% were successfully restored (and did not return to care).
- Children who stay in OOHC for at least 1.5 years stay for an average of 6 years. Therefore, benefits are projected over six years.
- The caseworker to client ratio is 1:15.
- CYP for whom restoration is unsuccessful or who return to care following restoration remain in statutory care and are paid a standard care allowance. The annual allowance savings are $9,464 ($364 per fortnight) and the annual contingency savings are $1,657.