

Title: Impact of changes to Regulations and National Minimum Standards for Residential Family Centres IA No: Lead department or agency: Department for Education Other departments or agencies:	Impact Assessment (IA)		
	Date: 13/12/2012		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Secondary legislation		
Contact for enquiries: Jean Pugh, 01325 735311 Jean.Pugh@education.gsi.gov.uk			
Summary: Intervention and Options			RPC Opinion: 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?
£46.63m	£0.017m	-£0.002m	Yes OUT

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

The Residential Family Centre Regulations (2002) and National Minimum Standards (2002) focus primarily on the organisation and management of Residential Family Centres. They do not refer to robust, evidence-based assessments of parenting capacity - the principal function of such Centres. Ofsted have raised concerns about their ability to carry out effective inspections of the Centres, and the services they provide, on the basis of the current Regulations and Standards. There is a need, therefore, to revise the Regulations and Standards to reflect better the outcomes of the Centres.

What are the policy objectives and the intended effects?

The main objective is to alter the focus of the Regulations and Standards so that they better reflect the function, and desired outcomes, of Residential Family Centres - providing robust, evidence-based assessments of parenting capacity. This will enable more accurate decisions to be made about the child's future. It will also allow Ofsted to develop a new framework for inspection and to make more effective judgements of the service that Residential Family Centres provide. This will enable providers to focus on providing a high-quality service to parents and children.

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

Option 1. Reference case: Leave Regulations and National Minimum Standards unaltered.

Option 2. Revise the Regulations and National Minimum Standards by removing unnecessary, outdated and overly prescriptive requirements and replacing them with a smaller number of standards that are more clearly focused on high quality assessments of parenting capacity.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 04/2016					
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.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	
				Non-traded:	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: 13 December 2012

Summary: Analysis & Evidence

Policy Option 1

Description: The reference case

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate	£0	£0	£0

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

There are no additional costs associated with this option as it is the 'do nothing' option and so the baseline for the assessment of other options

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	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

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

There are no additional benefits associated with this option as it is the 'do nothing' option and so the baseline for the assessment of other options

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

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
-------------------------------------	-------------------	-----

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0	Benefits: £0	Net: £0	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: The Preferred option: Revise the Regulations and the National Minimum Standards by increasing the requirements for assessments of parenting capacity and reducing the overly-prescriptive outdated current requirements.

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £2.98m	High: £82.62m	Best Estimate: £46.63m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.01m	£0	£0.01m
High	£0.03m	£0	£0.03m
Best Estimate	£0.02m	£0	£0.02m

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

The one-off transition cost consist of the cost to Residential Family Centres (RFCs) of staff having to familiarise themselves with the revised National Minimum Standards (NMS).

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

There are some new requirements in the Regulations and NMS (replacing a larger number of outdated and unnecessary ones). The cost of these to RFCs in delivering their service is discussed in text, but not monetised.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0	£0.29m	£2.99m
High	£0	£8.12m	£82.64m
Best Estimate	£0	£4.67m	£46.65m

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

We anticipate that there are two main monetisable benefits: (a) the avoided delay in finding a safe placement for the child and therefore external costs of on-going neglectful parenting and emotional abuse of children through introducing new regulations and standards to ensure effectiveness and (b) the resource savings to Residential Family Centres from the reduced number and complexity of the regulations and standards that they need to track their own progress against.

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

There are some reduced requirements in the Regulations and NMS. The benefit of these to RFCs in delivering their service is discussed in text, but not montised.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
-------------------------------------	-------------------	-----

The avoided external costs from on-going neglectful parenting and emotional abuse form the largest proportion of benefits. A key sensitivity are the assumptions around the on-going costs to society from on-going neglectful parenting and emotional abuse. While there is some completed and on-going research in this field regarding the range of costs, it is very difficult to attribute which children will and to what degree develop one or more negative outcome or risky behaviours.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: £0.0019m	Benefits: £0.0039m	Net: £0.0020m		

Evidence Base (for summary sheets)

1. Background

1.1. The purpose of Residential Family Centres

Residential Family Centres (RFCs) are centres where 'troubled' parents undergo a residential assessment of their ability to care safely for their children.

The families which are being assessed have a history of non-accidental injury, abuse, substance misuse, domestic violence, neglect, prostitution or a history of poor parenting skills in general.

The purpose of parenting assessments is to provide robust, timely and cost-effective information to courts which in turn helps them make an informed decision on the most efficient option to ensure safe care for children.

1.2. The rationale for assessments

The cost to society of parents not being able to care for their children safely is potentially high, ranging from worsening emotional and behavioural difficulties, poor education results, severe physical harm from abuse and neglect. Therefore Government intervention is justified on the grounds of equity and ensuring that all children are being cared for safely.

The assessments are delivered by 65 RFCs across England and are commissioned by courts and paid for by Local Authorities. RFCs are mostly privately owned: 60 out of 65 as at 31 March 2012. The Children Act (2004, S38(6)) states that courts may give direction as considered appropriate for assessments to be carried out, but does not address how these are to be funded. From October 2007 changes in legal aid funding were introduced so that no costs relating to a residential assessment of a child may be charged to the Legal Services Commission, leaving the local authority to carry the costs.

1.3. Legal context

The specific **outputs** RFCs contribute towards are laid out in the Care Standards Act 2000:

- (a) accommodation is provided for children and their parents;
- (b) the parents' capacity to respond to the children's needs and to safeguard their welfare is monitored or assessed; and
- (c) the parents are given such advice, guidance or counselling as is considered necessary.

Residential Family Centres are governed by the Residential Family Centres Regulations 2002 (the Regulations) and the National Minimum Standards for Residential Family Centres (the NMS).

The Regulations govern the setting up, conduct and management of RFCs. They cover such matters as the fitness of the registered provider, appointment and fitness of the manager, health and welfare of residents, arrangements for the protection of children and the complaints procedure. The NMS contain guidelines on a range of matters including the quality of care, parents' and children's rights, child protection, premises and staffing arrangements.

RFCs are registered by Ofsted and inspected by them on a three-year cycle. When making judgements about the centres, Ofsted will consider compliance with the Regulations and must take into account how the provider meets the NMS.

2. The problem under consideration

As stated above, the outcome of the assessment process is a robust, timely and cost-effective recommendation on how the safety of children can be assured.

Ofsted's current inspection framework, which is based on the current NMS, does not address the effectiveness of the service provided by RFCs, but rather focuses on procedural and organisational issues.

The current set of NMS allows Ofsted inspectors to judge only the above mentioned outputs (a) and (c), so the *environment* the RFC creates. There is therefore a danger that the robustness of assessments RFCs deliver may be of low quality, which in turn may lead to courts making inefficient decisions.

To create a robust, new inspection framework tailored to the work of Residential Family Centres, Ofsted would like to see new Regulations and NMS that focus on the core function of the Centres – providing high quality assessments of parenting capacity.

This would allow Residential Family Centres to focus their attention on the effectiveness of the service they provide (i.e. the assessments of parenting capacity and whether these prove, subsequently, to be successful decisions). It will also allow Ofsted to create a robust, new inspection framework which is tailored specifically to the work of Residential Family Centres.

In this way, we would expect to see Centres which are awarded an 'Outstanding' grade by Ofsted (for the high-quality of their parenting assessments) to receive more referrals from Local Authorities. Similarly, those Centres which receive lower grades are likely to receive fewer referrals, resulting in a natural progression towards an improved quality of service from Residential Family Centres.

3. The rationale for intervention

In theory, RFCs should deliver high quality parenting assessments given that they are (a) assessed regularly against fulfilling a set of National Minimum Standards (NMS) and (b) the fact that there are other publicly available guidelines from the DH "*Framework for Assessing Children in Need and their Families*"¹.

However, there is the issue of asymmetric information, a case where one party is better informed than the other and uses this to their advantage. In this case, RFCs may - due to not being fully observed on the quality of their assessment - choose to not produce fully robust and consistent parenting assessments to lower their costs.

This problem is also known as a principal-agent problem. This occurs in situations where a principal (in this case the court) contracts an agent (in this case the RFC) to provide a service, yet the principal can not fully observe the agent's behaviour and the interests of the agent are not fully aligned with those of the principal.

Research from the Department for Education (2011)² suggests that poor assessments "*may expose children to risks of further maltreatment and placement breakdown. Instability in care often leads to a downward spiral with potentially far-reaching consequences including worsening emotional and behavioural difficulties, further instability and poor education results.*"

4. The scale of the problem

How many assessments may be of poor quality? There is not much evidence available in this field, but a study by Ward et al (2010)³ on the quality of safeguarding assessments in ten local authorities found that

¹ Department of Health (2000),

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4003256

² DfE Research Brief (2011), "Social work assessments of children in need: what do we know?", DfE-RB092

³ DfE Research Brief (2010), "Infants suffering, or likely to suffer, significant harm: A prospective longitudinal study", DfE-RB053

“two thirds (of assessments) advised that children should remain with birth parents, but in over half of these cases the children eventually had to be removed” (page 4).

In these latter cases, the children are subject to the consequences of further neglectful parenting and emotional abuse until such time as social services intervene to take the child into care. **The delay caused by erroneously leaving the child with the parents after the placement has finished, as opposed to placing them in care immediately can have a significant and harmful impact on the child’s development.**

It may, for example, trigger the development of behavioural and emotional problems (Davies and Ward (2011)⁴). The authors of the same study also highlighted that “emotional abuse is known to be particularly harmful when experienced in the first three years of life (...) Children who are emotionally abused show early signs of problems through a steep decline in performance from as young as 9 to 18 months”.

Moreover, according to the HMG guide “Working Together to Safeguard Children” (2010), the process for removing a child from his/her parents (when judged as likely to continue to suffer significant harm) includes calling a child protection conference. The calling of this conference and section 47 enquiry may take up to 50 days to complete thus increasing the delay and harmful impact on the child involved.

How many children may be affected? According to statistics published by Ofsted in 2011, the number of Residential Family Centre places provided at any one time varies from between 392 and 417 places, usually occupied by one parent and one child. Thus between 196 and 209 children could be taking part in the assessments each year. Of these around 2/3 remain with their parents (minimum 107 to max 114 children) and around 51 per cent (figure taken to represent ‘more than half’ - Ward et al (2010)) could be erroneously remaining with their parents. This translates into around 67 to 71 children per cohort (see Chart 1).

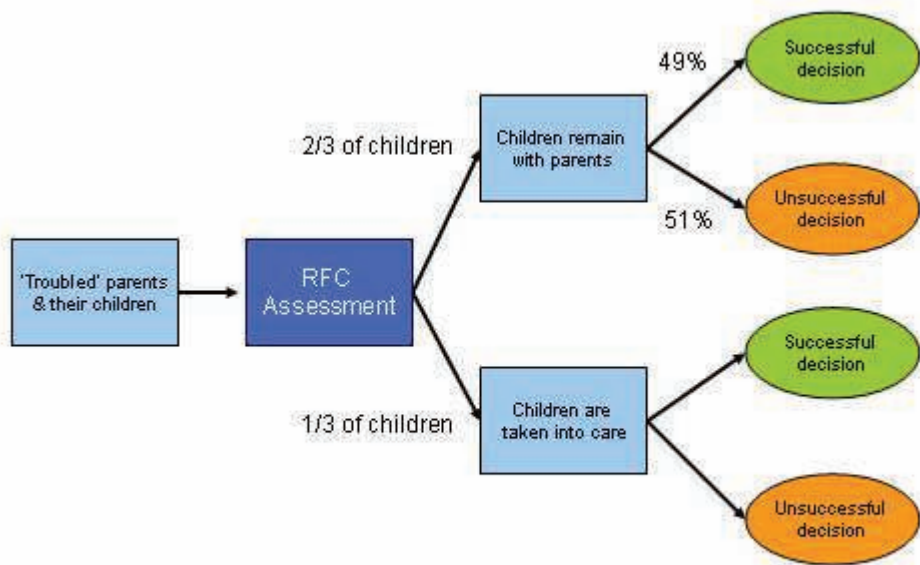


Chart 1 – Children who may erroneously remain with their parents due to low quality assessments

4.1. The impact of neglectful parenting

Children who erroneously remain with their parents may be exposed to neglectful parenting which, according to Davies and Ward (2011), may lead to children having poorer emotional knowledge, being less able to discriminate between different kinds of emotions and may also have lower self-esteem and

⁴ Davies and Ward (2011), “Safeguarding Children Across Services – Messages from Research”, Kingsley Publishers, London

higher levels of emotional problems. Neglected children tend to be more aggressive than children who are not neglected and are also more uncooperative and noncompliant.

There is also a related impact on children's social development: the evidence suggests that neglected children are more withdrawn and socially isolated and less socially competent than their peers. Data from the large American longitudinal LONGSCAN sample show that at the age of eight 'general neglect', as identified by child protection services, continues to be associated with behaviour problems, impaired socialisation and problems with daily living skills.

The stage of life at which a child experiences neglectful parenting is important, as is the duration of the experience. Neglected children may experience a lack of stimulation in early childhood, resulting in delayed speech and language problems. This means that these children start school at a disadvantage, and may be one reason why neglect has been shown to have a serious impact on educational achievement and cognitive development.

The Recognition of Adolescent Neglect Review (2011)⁵ found that neglect is most damaging in both the early stages of life and in the teenage years. By adolescence neglect and/or neglectful parenting are associated with poorer physical and mental health, risky health behaviours, risks to safety including running away, poorer conduct and achievement at school, and negative behaviours such as offending and anti-social behaviour'.

The evidence collated by Davies and Ward (2011)⁶ suggests that neglectful parenting and emotional abuse are directly correlated with poor mental health, which in turn is linked to subsequent poorer education related outcomes as well as increased risk of youth offending.

Given the difficulty of the interconnectedness of these negative outcomes the difficulty of assigning the individual unit costs of these, we have decided to use the annual total cost of poor mental health as quoted in a recent cross-study analysis by the World Health Organisation (WHO) as a proxy for the aggregated impact of neglectful parenting and emotional abuse.

The WHO study estimates the cost of poor mental health during childhood and adolescence at an annual cost of £11,000 to £59,000 per child⁷ (in 2008 prices), depending on the ages included and conditions examined. This includes cost to the health system, social services, education system, criminal justice system and voluntary services.

5. Policy objective

The policy objective is to improve (i) the quality of experience to families undergoing an assessment and (ii) the effectiveness of assessments.

The outcome is to reduce the likelihood of erroneous placement decisions due to low quality assessments.

⁵ Rees, Stein, Hicks and Gorin (2011), <http://php.york.ac.uk/inst/spru/research/summs/neglected.php>

⁶ Davies and Ward (2011), "Safeguarding children across Services – Message from research", Kingsley Publishers, London

⁷ World Health Organisation (2008), "Economic aspects of mental health in children and adolescents", WHO European Office for Investment for Health and Development

6. Description of options considered

Options	Description
Option1 / Reference case	Describes the cost to society of 'doing nothing' in terms of negative outcomes from low quality assessments.
Option 2	Revise the Regulations and National Minimum Standards (NMS)

A consultation on the amended Regulations and National Minimum Standards (NMS) that govern Residential Family Centres was launched in April 2012. This followed a review of the current Regulations and NMS, during which a questionnaire was sent to all Residential Family Centres. Pre-consultation, a working group of external partners including Ofsted, the Association of Directors of Children's Services and a number of RFC providers was also established to help develop the amended Regulations and NMS. There were 13 responses to the public consultation. Our understanding is that the low response rate was due to the fact that Residential Family Centres felt that they had been fully involved in the development of proposals for the consultation at an early stage.

The amended Regulations and NMS give rise to two main changes:

- specific new requirements in the regulations and standards; and
- specific reduced requirements in the regulations and standards and a streamlining of the NMS.

There are the following new requirements:

- **Assessments.** This requires providers of Residential Family Centres to ensure assessments of parenting capacity are evidence-based and carried out with appropriate and generally-recognised methods. There is also an accompanying standard (the new, principal standard) which refers to the final report (not previously considered in Regulations or NMS) and states that this should be clearly expressed, non-stigmatizing and should distinguish between the reporting of fact, opinion and third party information. This addition is to ensure that the focus of the centres, and of Ofsted's inspection of the centres, is on the quality of the service provided to families rather than the organisation or management of the centres.
- **Surveillance.** This covers safeguards and assurances around the use of CCTV (and other electronic surveillance methods) both for assessments of parenting capacity and for safeguarding. This new regulation requires providers who choose to use CCTV to ensure staff are appropriately trained in the use of surveillance methods and that residents are informed of the use of surveillance devices. In addition, Centres must seek residents' consent before using such devices for the purpose of assessment or monitoring. There is also an accompanying new standard on surveillance and privacy. The addition of the new regulation and standard on surveillance and privacy is designed to ensure that there is a clear, open policy on the use of different surveillance methods and to avoid the misuse of such practices.
- **Risk assessment.** Providers are required to produce a risk assessment as part of a placement plan for any new family. The purpose of the new requirement is to ensure centres are aware of the risks involved, when admitting new residents to the centre, both to the new residents and to the other families already living in the centre. It is also designed to ensure that the centre is best placed to meet the needs of the family.
- **Financial viability.** There is a new standard covering financial viability and changes affecting business continuity which builds on the Regulations referring to the financial position of the centre and the appointment of liquidators. The standard refers to a written development plan for the centre, to be updated annually, and a policy on storing case records if the centre closes. This standard has been included as a reflection of the current financial climate, the effect this may have on the number of referrals that Residential Family Centres receive and subsequently the possibility of the closure of some centres

There are the following reduced requirements:

- **Offences.** The regulation on Offences has been removed entirely, in line with the recently amended Children's Home and Fostering Services Regulations. The inclusion of this regulation was considered unnecessary and outdated in the context of the updated compliance methods used by Ofsted.
- **Fitness of premises.** There is significantly reduced detail in the NMS regarding the fitness of premises. Where previously there were four standards covering fitness of premises, there is now one, concise, standard. These include reductions to the prescriptive detail relating to furniture in bedrooms, hot and cold water supplies, lighting, heating and ventilation requirements. The purpose of these changes is to shift the focus of the NMS away from organisational and procedural issues and towards the service provided to families - high-quality, evidence-based assessments of parenting capacity.
- **Staffing** the extensive detail that was included in the 2002 NMS relating to staffing issues has been reduced. This is to streamline requirements and to remove overly prescriptive detail. Whilst there is still a need for a staffing policy, the detail of this policy is a matter best considered by each individual centre
- **Complaints.** The standard in the 2002 NMS, entitled 'Complaints and Representations Procedures' has been removed entirely and replaced with a concise paragraph in the new standard on 'Managing the Centre effectively and efficiently; and monitoring arrangements'. This is to reflect the relative importance of complaints in the day-to-day running of centres and to ensure that the focus of the revised NMS is on the service provided to families, i.e. high-quality, evidence-based assessments of parenting capacity

The relevant qualifications for staff working at Residential Family Centres have also been updated to reflect current and relevant qualifications.

In addition to these changes, the structure of the revised NMS has been altered considerably. The standards have been regrouped into two, main sections: "Family-focussed Standards" and "Standards of the Residential Family Centre provider"- to better reflect the focus on outcomes for families. There is, however, one exception to this regrouping. This is the new standard on parenting assessments which has been positioned at the start of the document. This deliberate positioning is designed to highlight parenting assessments as the core function of Residential Family Centres. There are also several instances where previous standards have been merged together to streamline requirements, for example, the reduction from four to one standard covering fitness of premises, and to avoid overlap or duplication of material. Similarly, there is now just one standard covering behaviour, as opposed to two in the 2002 NMS; and one standard on safeguarding, as opposed to two separate standards covering adult and child safeguarding in the 2002 NMS.

7. Costs and benefits of each option (including administrative burden)

IMPORTANT NOTE

The presented discounted costs and benefits for the following Options are calculated over 10 years of the policy, but have different underlying time periods.

The costs to society are calculated, according to HM Government guidance on the Impact Assessment Toolkit, over a time period of 10 years (see page 19 of guidance).

The benefits to society, in the form of avoided costs of poor mental health, are calculated over ten cohorts (yearly intakes) accruing over 30 years of their life time, discounted to their present value.

7.1. Option 1 / The reference case – The on-going cost to society of the status quo

The erroneous placements affect two groups of children: (i) those that should be in care, but are not ((C), bottom left quadrant of the table) and (ii) those that should not be in care, but are ((B), top right quadrant of the table).

	Children not in care	Children in care
Should <u>not</u> be in care	<input checked="" type="checkbox"/> Correct decision (A)	<input type="checkbox"/> Incorrect decision (B)
Should be in care	<input type="checkbox"/> Incorrect decision (C)	<input checked="" type="checkbox"/> Correct decision (D)

It is very difficult to obtain estimates on the size of the latter group (B), thus we have concentrated on the former group (C), where a recent study by Ward et al (2010)⁸ found that 2/3 of assessments advised that children should remain with birth parents, but in over half of these cases (51%) the children eventually had to be removed. As described in section 3, we estimate that between 67 and 71 children could be affected by erroneous care decisions each year.

As described in section 3, children who erroneously remain with their parents may be prone - due to the consequences of neglectful parenting and emotional abuse - to poor health, education related outcomes as well as involvement in youth delinquency. The table below provides an overview of the cost to society for each of the negative outcomes.

	£ min	£ max	Unit
Cost of poor mental health	£4,832	£5,739	Cost per case
Cost of school exclusion	n/a + £10,000 per annum for alternative education provision	£63,851+ £10,000 per annum for alternative education provision	Average per child over a life time
Cost of persistent truancy	n/a	£44,468	Average per child over a life time
Cost of youth delinquency	£75,000 (mild to moderate)	£225,000 (severe conduct problems)	Average per child over a life time
WHO aggregate cost	£11,000	£59,000	Average cost per child per annum

Table 1 – Overview of costs due to neglectful parenting and emotional abuse in 2008 prices for one cohort of children; References – see end of Annex 1

Given the difficulty of the interconnectedness of these negative outcomes the difficulty of assigning the individual unit costs of these, we have decided to use the annual total cost of poor mental health as quoted in a recent cross-study analysis by the World Health Organisation (WHO) as a proxy for the aggregated impact of neglectful parenting and emotional abuse.

The WHO study estimates the cost of poor mental health during childhood and adolescence at an annual cost of £11,000 to £59,000 per child⁹ (in 2008 prices), depending on the ages included and conditions examined. This includes cost to the health system, social services, education system, criminal justice system and voluntary services.

In addition to the above costs of negative outcomes, parents of children who may have erroneously been placed into care may appeal against care orders. Both parents and the child in question can appeal

⁸ DfE Research Brief (2010), "Infants suffering, or likely to suffer, significant harm: A prospective longitudinal study", DfE-RB053

⁹ World Health Organisation (2008), "Economic aspects of mental health in children and adolescents", WHO European Office for Investment for Health and Development

against a care order within 21 days of the order being made¹⁰. The average costs per court appeal (in 2012 prices) are estimated at £1,665¹¹, this includes the permission to appeal fee of £465, the listing fee of £110 and a flat-fee of full appeal of £1,090.

The costs and benefits of option 2 are expressed relative to option 1 – the do nothing option.

7.2. Option 2 - Reduce the existing NMS, where deemed unnecessary, and introduce new NMS to increase quality of care and effectiveness of assessments.

7.2.1. Description of the Option

This involves adding new standards to increase requirements for providing robust, evidence-based assessments of parenting capacity at the same time as reducing unnecessary NMS in areas related to the organisation of management of the Centres. In this way, by reducing requirements around procedural issues, providers will have more time to spend improving the quality of the assessments of parenting capacity. Moreover, given that Ofsted inspect the providers on the basis of NMS, an extra standard on assessments would be included in the inspection framework thus providing an added incentive for providers.

As a result of these changes, we would expect the quality of experience to improve for residents as they receive higher quality assessments from better trained staff. The staff would also have more time to spend with them, as a result of fewer Standards related to the management and organisation of the Centres.

The most significant changes to the regulations and National Minimum Standards are set out in section 6 above.

7.2.2. The benefit of reducing the number of children in quadrant (C)

The main benefit of introducing new NMS is the avoided or at least partly avoided cost to society in terms of negative outcomes associated with on-going neglectful parenting and emotional abuse for those children who are not placed in care when they should be (e.g. those children in the bottom left quadrant (C)). The potential benefit of reducing the number of children in quadrant (C) is the avoided or at least partly avoided cost to society in terms of negative outcomes associated with on-going neglectful parenting and emotional abuse, as detailed in Table 1. The aggregate avoided cost of these negative outcomes could be between £11,000 and £59,000 per annum per child (in 2008 prices).

The introduction of new regulations and National Minimum Standards may not lead to a **full** reduction in the number of children who erroneously placed in quadrant (C). We estimate that the reduction in erroneous placements from currently 51 per cent could be reduced between 5 percentage points (low estimate) and 15 percentage points (high estimate). Our central or best estimate could lie between these two scenarios at 10 percentage points. We have trawled through existing evidence which may support these assumptions, but have not been able to identify any directly applicable evidence. Therefore these assumptions are conservative and will need to be verified in an ex-post evaluation.

The lower bound estimate for the discounted present value of benefits associated with adding new regulations and standards and the avoided external cost of on-going neglectful parenting and emotional abuse of children of one single cohort is estimated to range between £345,127 (lower scenario) and £9,589,833 (higher estimate). The discounted present value of this impact over 10 cohorts is estimated to range between **£2,970,714 (lower estimate)** and **£82,545,488 (higher estimate)**.

To derive the lower bound estimate, we multiplied the (a) lower bound proxy cost for negative outcomes (WHO estimate of £11,000) with (b) the lower bound estimate of children which could be 'saved' from

¹⁰ Citizen's Advice Bureau, http://www.adviceguide.org.uk/index/your_family/family_index_ew/children_and_local_authority_care.htm#What_happens_once_a_care_order_has_been

¹¹ Ministry of Justice (2011), "Fees in the High Court and Court of Appeal Civil Division"

erroneous placements and (c) the likelihood of them developing a mental health problem. Research has shown that developing mental health problems from on-going neglectful parenting and emotional abuse is the trigger for the development of further negative outcomes, such as poor health and low attainment. **The rest of the text in this section elaborates on this derivation.**

Starting with (a), we adjust the lower bound proxy estimate from the WHO of £11,000 from 2008 to 2012 prices £12,107 by using the GDP deflator. Turning to (b), we derive the lower bound estimate for the number of children which could be 'saved' from being erroneously placed with their families. This is estimated to be 7 children (rounded) each year. The overall estimate is that at a minimum 196 children are assessed in RFCs across England each year (see section 3) and of these around 2/3 remain with their families (or 131 in absolute terms); of these 51 per cent are deemed to be erroneously left with their families or 67 in total ($196 \times 2/3 \times 51\%$). In the lower bound estimate, the percentage of children who may be erroneously placed could be reduced by 5 percentage points to 46%, which are 60 in total ($196 \times 2/3 \times 46\%$). Thus the reduction of erroneous placements by 5 percentage points would translate into 7 children per year ($67 - 60 = 7$).

Turning to (c), the lower bound estimate of the likelihood of children developing a mental health problem is estimated at 21 per cent. This is derived from a study by the Office for National Statistics (2005) on "Mental health of children and young people in Great Britain" suggests that around one in ten children (10.3%) have a diagnosable mental health problem. However, as these children are exposed to higher risks, we believe that the chance of developing one or multiple mental health problems is significantly higher.

A recent study by Young et al (2011) "*Children's perceptions of parental emotional neglect and control and psychopathology*" found that children who were exposed to neglectful parenting are more than three times more likely to develop a depressive disorder (OR 3.10) when comparing neglectful parenting with optimum parenting, and a more than twice as likely to develop a behavioural disorder (OR 2.07) and any type of disorder (OR 2.41).

We therefore assume for this specific group of children that the likelihood of developing a mental health problem from on-going parental neglect and emotional abuse may range between 21 per cent, the (lower estimate) and 32 per cent (high estimate). Our central or best estimate is however 25 per cent. In all three cases we have multiplied the baseline population estimate of 10.3 per cent with the three different Odd Ratios (OR) presented in the study by Young et al (2011). For example, the higher estimate is calculated by multiplying the population estimate of 10.3 per cent by the Odds Ratio of 3.10, which gives us 32 per cent.

We would like to emphasise that the likelihood of neglected children developing a mental health problem, as outlined above, is likely to be a slight overestimation as the increased likelihood of neglected children having a mental health problem is applied to the whole population and not adjusted for the percentage for non-neglected children. However, this is a necessary estimation because there is no direct evidence on the proportion of neglected or non-neglected children with a mental health problem.

Therefore, the lower bound estimate present value of external costs is $\text{£}12,107 \times 7 \text{ children} \times 21 \text{ per cent}$ which equals $\text{£}17,797$, the non-discounted annual avoided costs. Using this figure over a 30 year period (one single cohort) and discounting this at a rate of 3.5 per cent leads us to the discounted present value of $\text{£}345,127$. And over 10 cohorts the corresponding discounted figure is $\text{£}2,970,714$.

The higher bound estimate was derived analogously, using the higher bound parameter assumptions noted above.

7.2.3. The benefit of reducing the number of children in quadrant (B)

Whilst there is evidence to show that there are negative outcomes associated with growing up in care¹², **we are not able to quantify the benefits of reducing the number of children in quadrant (B)**. This quadrant refers to children who should not be in care, but who are, in fact, placed in care. This is because no evidence exists on the number of children from RFCs who are incorrectly placed in care

¹² Department for Education (2011) Outcomes for children looked after as at 31 March 2011 SFR 30/2011

when they should have, in hindsight, remained with their families. A benefit through an effect on the numbers in (B) could be a reduction in stress or trauma of being separated from the family and possibly, connected to this, the likelihood of placement breakdowns. A further benefit would be the reduction in the number of care places which have erroneously been delivered. According to the Personal Social Services Research Unit (2011), the costs of a residential care home can vary between £2,557 and £2,965 per week (in 2011 prices).

It is important to state that the proposals outlined in this Impact Assessment are designed to improve the quality of judgements, made in Residential Family Centres, of parents' capacity to care for their children. This does not, however, mean that the number of families entering Residential Family Centres for such an assessment will differ, as a result of the policy, or that the number of children entering care, following an assessment will differ. It is therefore not possible to estimate the likely costs (or savings) to Local Authorities or having more (or fewer) children in care, as a result of the proposal. However, it is possible that a reduction in the number of children erroneously placed in care would be balanced out by a reduction in the number of children erroneously sent home with the parents thus resulting in a cost neutral outcome for Local Authorities.

7.2.4. On-Going benefits to RFCs of the reduced requirements and streamlining of the NMS

As detailed in section 6 above, there are reduced requirements relating to offences, fitness of premises, staffing, and complaints. The structure of the NMS has also been altered, including streamlining whereby previous standards have been merged together to avoid overlap or duplication of material. There are potential benefits to providers attached to both the specific reduced requirements **and** the streamlining of the NMS. Benefits attached to the former relate to changes in what the regulations or NMS require RFCs to do when delivering their service. This will improve the quality of assessments, which will lead to better decisions about whether children should be taken into care or whether parents can be supported to continue to care for their children. Benefits attached to the latter relate to the time savings that materialise from RFCs now having fewer, clearer and more focused standards to refer to when reviewing their service delivery.

Beginning with the effect of reduced requirements, the consultation launched in April 2012 asked respondents questions about the cost savings relating to each of the specific reduced requirements. The exact questions were:

- What do you consider the likely savings to providers resulting from the removal of the regulation on offences?
- What do you consider to be likely savings to providers resulting from the reduced detail in the NMS on fitness of premises?
- What do you consider to be the likely savings to providers resulting from the reduced detail in the NMS on staffing issues?
- What do you consider to be the likely savings to providers from the reduced detail in the NMS on complaints procedures?

Respondents stated that there would be no real savings associated with the reduced detail relating to 'fitness of premises', 'staffing', and 'complaints'. For the removal of the regulation on 'offences', however, respondents were divided between those who thought that there would be no savings and those who did not know what the likely savings would be. We are therefore unable to place a monetary value on the size of any benefits to providers that might accrue from reduced NMS requirements.

Turning to the effect of streamlining the NMS, respondents reported that they were in favour of the new structure and division of the NMS. They also reported that it was helpful and improved clarity which would avoid confusion and interpretation of what was required by the NMS. This new drafting will lead to resource savings to Residential Family Centres in the form of fewer hours being spent on internal progress or compliance reports against the new National Minimum Standards. The regulations state that the registered person (i.e. the registered provider or manager) must establish and maintain a system for reviewing at appropriate intervals and improving the quality of care provided in the centre. They also have to produce reports of these reviews.

We assume that producing these internal reports will take 20 hours on an annual basis in the high case and 10 hours on an annual basis in the low case. This is an indicative range, felt to be a reasonable estimate for the amount of time spent per year on internal report writing. This assumption was not challenged during the consultation. We have also verified the time taken to produce these reports with one of the respondents to the consultation, a Centre which took part in Ofsted's pilot of their revised inspection framework in November. The hourly wage rate is derived by dividing the average annual salary of a team leader (Source: UK General Practice Workload Survey) of £41,934 by the average number of 1,931.4 working hours which leads us to an hourly salary rate of £21.71. In total, the NMS have been reduced from 25 to 21 standards and from 52 to 31 pages of text. We use this as the basis for our time saving assumption. Namely, apply 0.84 (e.g. 21/25) to estimate the reduction in time in the lower case scenario and apply 0.60 (e.g. 31/52) to estimate the reduction in time in the higher case scenario. This gives a lower bound reduction in time of 1.6 hours (e.g. 10 hours – (10 hours x (21/25))) and an upper bound reduction in time of 8.1 hours (e.g. 20 hours – (20 hours x (31/52))).

Based on these assumptions, we estimate that this annual benefit is £2,258 in the lower case (e.g. 1.6 hours x £21.71 hourly wage rate x 65 RFCs) and £11,399 in the higher case (e.g. 8.1 hours x £21.71 hourly wage rate x 65 RFCs). Our best estimate for the benefit is the mid-point of the upper and lower. This is given by £6,828 per annum.

7.2.5 On-going Costs to RFCs of the new requirements

As detailed in section 6 above, there are new requirements relating to assessments, surveillance, risk assessment and financial viability. The consultation also asked respondents what they considered the cost implications of each new requirement to be. The exact questions were:

- What do you consider to be the likely cost implications to providers of the new requirements in the regulation and standard for assessments?
- What do you consider to be the likely cost implications to providers of the new requirements in the regulation and standard for surveillance?
- What do you consider to be the likely cost implications to providers of the new requirement for risk assessments?
- What do you consider to be the likely cost implications to providers of the new requirements in the standard related to financial viability?

Assessments

Of the 12 responses to this question, five (including four Centres) considered that there should be no additional costs as Centres should already be carrying out assessments. Six other respondents, including five Centres, indicated that there might be additional one-off costs for training staff to carry out assessments.

Surveillance

Although there is no requirement for Centres to use CCTV, many already do so. The new regulation and standard for 'surveillance' were introduced because concerns had been expressed that many centres were not using CCTV appropriately. The consultation responses show that the only costs associated with the introduction of the regulation and standard are those involved in familiarising staff with the standard.

Risk assessments

Of the nine responses to this question, seven (including six Centres) thought that there would be no or negligible additional costs involved. Two other Centres thought there would be costs for training and implementation if centres were not already carrying out risk assessments.

Financial viability

Respondents considered that there would be no cost implications unless accountants needed to be employed.

The responses therefore do not allow us to place a monetary value on the cost implications of the new requirements.

7.2.6 Transitional cost to RFCs of familiarisation with amended regulations and National Minimum Standards

The current set of National Minimum Standards applies to around 65 Residential Family Centres and any changes to the National Minimum Standards (NMS) will apply to all of these. The proposed changes to NMS will incur additional administrative costs to all RFCs of familiarising themselves with the new regulations and NMS. We expect these costs to be minimal.

The one-off costs are calculated by multiplying the average hourly salary cost by the estimated time spent of familiarisation with the new standards by the number of RFCs.

To derive the salary costs of Residential Family Centres we used the salary costs of fully staffed living settings as a proxy as detailed in the latest edition of 'Unit Costs of Health and Social Care' published by the Personal Social Services Research Unit in 2011, these are estimated at £964 per week (including direct and indirect staffing costs).

Moreover, we have assumed that the average employee works around 43.5 weeks per annum and 44.4 hours per week, as detailed in the 2006/07 UK General Practice Workload Survey, or 1,931.4 hours per annum. This translated into an average annual salary cost of £41,934 or £21.71 per hour in 2012 prices (£41,934 divided by 1,931.4 hours).

Furthermore we assume that RFCs may initially need 15 hours of familiarisation (central estimate) in each of the 65 Residential Family Centres¹³. We have also considered a lower and a higher bound estimate, this reflects the high level of uncertainty in the central estimate. For the one-off cost of familiarisation we have calculated the higher bound estimate on the basis of 20 hours and in the lower bound estimate a need for 10 hours of familiarisation. We have verified our estimate of the time taken for familiarisation with one of the respondents to the consultation, a Centre which took part in Ofsted's pilot of their new inspection framework in November.

Thus the non-discounted one-off cost of familiarisation of the proposed new NMS is estimates as follows:

Scenario	One-off cost
Best	£21,169 (based on 15 hours)
High	£28,225 (based on 20 hours)
Low	£14,113 (based on 10 hours)

7.2.7. Summary of the costs and benefits of option 2

The best estimate of the one-off familiarisation costs to RFCs (section 7.2.6) is £21,169. The best estimate of the on-going benefits to RFCs through now being able to refer to streamlined, condensed standards when reviewing their service delivery (section 7.2.4) is £6,828 per annum.

The discounted present value of benefits associated with adding new regulations and standards (7.2.2) and thus the avoided external cost of on-going neglectful parenting and emotional abuse of children is estimated to range between £2,970,714 (lower scenario) and £82,545,448 (higher estimate). We have selected a 30 year period as the avoided external costs of neglectful parenting and emotional abuse can be long-term.

The column on the far right hand side shows the resulting low, high and best estimate net present values (NPV) (in 2012 prices) calculated over a 10 year period using a 3.5% discount rate.

The net present values are all positive, suggesting that this would be an improvement over the status quo. Our best estimate NPV is between these two scenarios and estimated at £46.64m.

	Costs (PV)	Benefits (PV)	Net Present Value
--	------------	---------------	-------------------

¹³ DfE Survey of RFCs ending 23 December 2011

Low estimate	£14,113	£2,990,150	£2,976,037
High estimate	£28,225	£82,643,563	£82,615,338
Best estimate	£21,169	£46,652,174	£46,631,006

8. Risks and assumptions

While there is an encouraging amount completed and on-going research regarding the costs to society from neglectful parenting and emotional abuse, it is however not straight forward to estimate the likelihood and severity of correlated negative outcomes (such as mental health problems) and risky behaviours (such as offending).

Research collated by Davies and Ward (2011) suggests that neglectful parenting and emotional abuse is correlated with poorer physical and mental health, risky health behaviours, risks to safety including running away, poorer conduct and achievement at school, and negative behaviours such as offending and anti-social behaviour. However, these negative outcomes and risky behaviours may materialise at different stages in the child’s future development. Research suggests that the adverse impact of neglectful parenting and emotional abuse may show first of all in deteriorating mental health which may lead to later further negative outcomes.

However, not all children may develop mental health problems. A study by the Office for National Statistics (2005) on “Mental health of children and young people in Great Britain” suggests that around one in ten children (10.3%) have a diagnosable mental health problem. However, as these children are exposed to higher risks, we believe that the chance of developing one or multiple mental health problems is significantly higher.

A recent study by Young et al (2011) "*Children's perceptions of parental emotional neglect and control and psychopathology*" found that children who were exposed to neglectful parenting are more than three times more likely to develop a depressive disorder (OR 3.10) when comparing neglectful parenting with optimum parenting, and a more than twice as likely to develop a behavioural disorder (OR 2.07) and any type of disorder (OR 2.41).

We therefore assume for this specific group of children that the likelihood of developing a mental health problem from on-going parental neglect and emotional abuse may range between 21 per cent (lower estimate) and 32 per cent (high estimate). Our central or best estimate is however 25 per cent. In all three cases we have multiplied the baseline population estimate of 10.3% times the three different Odds Ratio (OR) presented in the study by Young et al (2011).

A consultation launched in April 2012 asked respondents questions relating to the cost savings to RFCs and cost increases to RFCs relating to each of the specific changes in the revised Regulations and NMS. The responses received did not allow us to derive an estimate of the overall cost change. Most reduced requirements and new requirements were felt by most respondents to have negligible or no substantial impact on costs. Discussion is presented in sections 7.2.4 and 7.2.5 above. Here, therefore, we have only placed monetary values on the likely time savings associated with the streamlined NMS and the likely costs associated with familiarisation with and adoption to the new regulations and minimum standards.

9. Direct costs and benefits to business calculations (following OIOO methodology)

There are 65 Residential Family Centres across England and the vast majority are owned by business (60) (as at 31 March 2012).

We are able to place values on the costs and benefits to business relating to the following impacts discussed above:

- Streamlining of the NMS (section 7.2.4)

- The transitional cost of familiarisation with the amended regulations and NMS (section 7.2.6)

To do this, we weight each stream of costs and benefits by (60/65), to derive the values that apply to the non-public sector only. This gives on-going benefits of £6,303 per annum (e.g. £6,828 x (60/65)) in 2012 prices. One-off transitional costs are given by £19,541 (e.g. £21,169 x (60/65)) in 2012 prices.

Under OIOI methodology, the price year is 2009 and the base year is 2010. We can use the HMT GDP deflator series to express values in 2009 prices.¹⁴ The net present value to business over this period and in these prices is given by £0.017m. The net cost to business per year is -£0.002.

10. Summary and preferred option with description of implementation plan

Option 2 is preferred. Its net present value is valued at £46.63m. Its discounted benefits are estimated to outweigh its discounted costs. The Department will publish the amended Regulations and NMS later this year. They will subsequently come into force in April 2013, in parallel with Ofsted's new inspection framework for Residential Family Centres.

11. Post-Implementation Review

- 11.2. Basis of review: There is a sunset clause in the Regulations that requires review of the policy.
- 11.3. Review objective: The purpose of the review is to ensure that, as a result of revising Regulations and National Minimum Standards, Residential Family Centres have a greater focus on providing robust, evidence-based assessments of parenting capacity and that Ofsted are better able to evaluate their performance on this basis.
- 11.4. Review approach and rationale: The two main groups to be involved in the review will be the RFCs and Ofsted. We are regularly in contact with both groups which provides the opportunity to discuss and review the impact of these changes on an on-going basis.
- 11.5. Baseline: For RFCs, the baseline is the current number of children who are erroneously sent home with their parents as a result of poor quality parenting assessments. A proxy could be the number of repeat contacts of families with Social Services. For Ofsted, the baseline is the current inspection system.
- 11.6. Success criteria: A reduction in the number of children erroneously sent home with their parents and who are thus exposed to on-going neglectful parenting and emotional abuse. Ofsted's ability to create a new inspection framework on the basis of revised Regulations and National Minimum Standards.
- 11.7. Monitoring information arrangements: Both formal and informal contact with RFCs and Ofsted. We will send out formal evaluation surveys to review the policy. However, we will also remain in contact, informally, with RFCs and contacts within Ofsted to understand the impact of the policy. We will also derive information from Ofsted's inspection reports of RFCs which, from April 2013 will be based on the amended Regulations and National Minimum Standards.

¹⁴ http://www.hm-treasury.gov.uk/data_gdp_fig.htm

ANNEX 1 - The economic cost of poor emotional and mental health

According to the supporting document¹⁵ to HM Government's new mental health strategy, mental ill health is the single largest cause of disability in the UK, contributing up to 22.8% of the total burden, compared to 15.9% for cancer and 16.2% for cardiovascular disease. The wider economic costs of mental illness in England alone have been estimated at £105.2 billion each year. This includes direct costs of services, lost productivity at work and reduced quality of life.

The study by the World Health Organisation also provides a picture of the overall burden. Costs accrued by the health system comprise only a very small proportion of the overall costs (1.5–15 per cent, with an average of 6.1 per cent). A large part of the burden appears to fall on the education system (2.1–91 per cent, with an average of 45 per cent between studies), which highlights the particular interest of the Department for Education.

According to the Personal Social Services Research Unit (PSSRU), the average treatment cost per case per child is between £4,832 and £5,739 to the NHS.

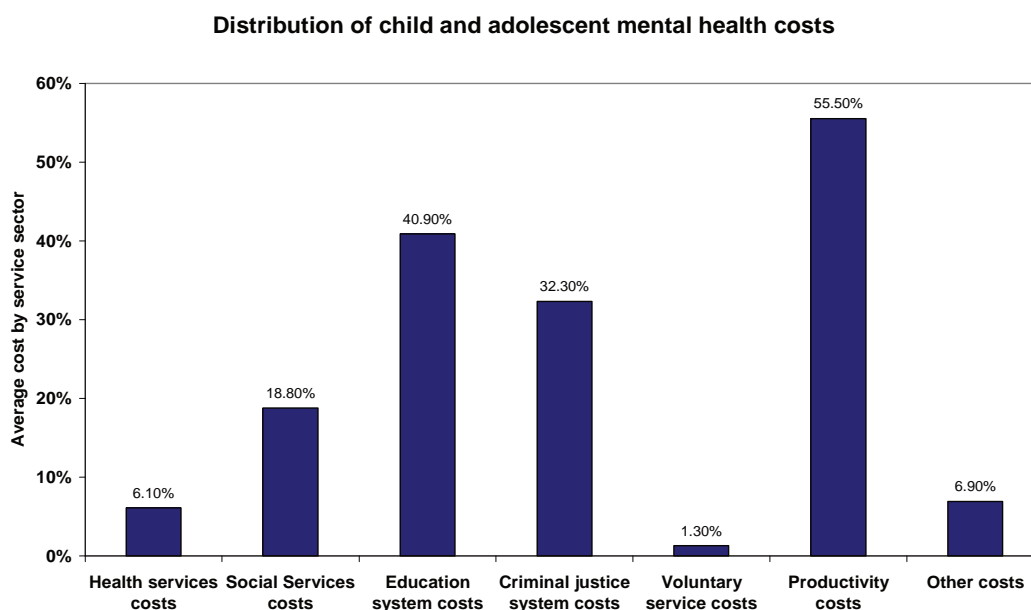


Chart 2 – Distribution of child and adolescent mental health costs; Source: World Health Organisation (2008), “Economic aspects of mental health in children and adolescents”, WHO European Office for Investment for Health and Development

The economic cost of poor education outcomes

We've also reviewed the existing evidence base and found that a number of studies agree that mental health problems have a negative impact on attainment as well as attendance.

The impact of poor mental health on basic skills

A study by the ONS (2004)¹⁶ found that over half (56 to 57 per cent) of children with conduct disorders had difficulty with reading and mathematics and nearly two-thirds (64 per cent) had problems with

¹⁵ HM Government (2011), “No health without mental health – Supporting Document – The economic case for improving efficiency and quality in mental health”

¹⁶ Office for National Statistics (2004), “Mental health of children and young people in Great Britain”

spelling. Among those with no such disorder these proportions were around a quarter (21, 23 and 29 per cent).

Furthermore the study shows that difficulties of children with conduct disorders also have an effect on their overall functioning in relation to what would be expected of a child of that age: 59 per cent were rated as being behind their overall intellectual development. In comparison, 'only' 24 per cent of children without a disorder were ranked behind the development of their peers.

The impact of poor mental health on attendance and exclusion

The same study by the ONS found that children with conduct disorders were more likely to miss school, 79 per cent compared to 68 per cent of children with no disorder. Children were also more likely to be absent for longer periods, 42 per cent had more than five days absence and 14 per cent has more than 15 days absence in a school term. Amongst those with no conduct disorder these proportions were lower at 21 per cent and four per cent respectively.

While the majority of school absences were authorised, still around 28 per cent of children had absent unauthorised compared with only 8 per cent with children with no disorders.

The average life time cost of persistent truancy¹⁷ is estimated, by a study by New Philanthropy Capital (NPC), at £44,468. This figure splits roughly half between costs to the individual and half of costs borne by the rest of society.

A third of children with conduct disorders had been excluded from school at some point and nearly a quarter (22 per cent) has been excluded more than once. For children with no conduct disorder, the proportions were 2 per cent and 1 per cent. Overall, eight per cent of exclusions had been permanent and 14 per cent of children had received some educational provision after exclusion.

The same NPC study puts the life time cost of exclusion per average excluded child at an estimated £63,851 (2005 prices); this includes costs to the child as a consequence of lost earnings resulting from poor qualifications and costs to society in from criminal activity, and additional use of health and social services. More than three quarters of the costs fall on society.

In addition, Local Authorities have a duty, under section 19 of the Education Act 1996, to provide suitable education for children of compulsory school age who cannot attend school - because of illness or exclusion, for example. The cost of providing 'alternative education provision' is estimated at £15,000 per annum¹⁸ per child, which compares to around three times the cost of a place in a mainstream school.

The impact of emotional abuse

The second largest impact of ineffective assessments is the on-going cost of emotional abuse to children if erroneously placed.

Many authorities consider that emotional abuse is a component of all forms of child maltreatment. According to Davies and Ward (2011), there is powerful evidence of its harmful effects whether alone or associated with other forms of maltreatment.

The Emotional Abuse Intervention Review¹⁹ provides a valuable summary of this evidence. Emotional abuse is known to be particularly harmful when experienced in the first three years of life. It affects an infant's ability to form a secure attachment with an adult caregiver and to develop trust in others to provide a stable environment.

Toddlers who experience rejection of their bids for attention will have difficulty in developing a sense of self-worth and belief in the availability of others.

¹⁷ Source: New Philanthropy Capital (2007), "Misspent Youth: the cost of truancy and exclusion"

¹⁸ DfES (2008). "Back on Track - A strategy for modernising alternative provision for young people"

¹⁹ Barlow and Schrader (2010), <https://www.education.gov.uk/publications/eOrderingDownload/DCSF-RBX-09-09.pdf>

In adolescence emotionally abused children may display higher levels of social problems, such as delinquency and aggression; they may also be more prone to eating disorders. Retrospective studies have also identified specific and unique types of problem associated with emotional abuse compared with other forms of maltreatment, particularly aggression in later childhood and dissociation, such as conduct problems.

At the more severe end, emotional abuse is known to be linked with children attempting suicide and suffering multiple mental health problems. One prospective follow-up study found that children who had been emotionally abused in early childhood reported more attempted suicides by adolescence. The majority received at least one diagnosis of mental illness and 73 per cent had two or more disorders.

The economic cost of youth offending

According to a study by the Sainsbury Centre for Mental Health (2009)²⁰ around 80 per cent of all criminal activity is attributable to people who had conduct problems in childhood and adolescence, including about 30 per cent specifically associated with conduct disorder.

The term ‘conduct problem’ is used to describe a range of oppositional or anti-social forms of behaviour in childhood such as disobedience, lying, fighting and stealing. In some cases the severity and persistence of these problems is sufficient to justify a diagnosis of a conduct disorder, a recognised psychiatric condition. Conduct disorder affects about 6 per cent of all children aged between 5 and 16, according to a study by the Office for National Statistics (2005)²¹.

Moreover, the study by the Sainsbury Centre found a particularly strong association between conduct problems in early life and the subsequent likelihood of involvement in criminal activity. The authors of the study also provide some estimates on the proportion of total crime committed by people with early conduct disorders. The table below shows that the 5 per cent of individuals who had severe conduct problems or a diagnosed conduct disorder during childhood were responsible for around 21.7 per cent of all recorded crime.

	Per cent of population	Per cent of crime (unadjusted)	Per cent of crime (adjusted)
Severe problems / conduct disorder	5.0	30.0	21.7
Moderate problems	15.0	37.4	30.3
Mild problems	30.0	21.9	27.7
Total combined	50.0	89.3	79.7

Table 2 – Early conduct problems and subsequent offending; Source: Sainsbury Centre for Mental Health (2009), “The chance of a lifetime – Preventing conduct problems and reducing crime”

One way of measuring crime-related costs of conduct problems is to measure them on an individual life time basis, instead at an aggregate level. The Sainsbury Centre has calculated, by combining data on adult outcomes from a longitudinal study from New Zealand and figures on the costs of crime published by the Home Office, that the overall lifetime cost of adverse outcomes among the 5 per cent of people with conduct disorders in childhood is around £225,000 per case. In contrast, the lifetime cost among the 45 per cent who have mild or moderate conduct problems in childhood is around £75,000 per case.

List of references for table

- Cost of poor mental health, Source: PSSRU, <http://www.pssru.ac.uk/pdf/uc/uc2011/uc2011.pdf>
- Cost of school exclusion, Source: New Philanthropy Capital (2007), “*Misspent Youth: the cost of truancy and exclusion*”
- Cost of persistent truancy, Source: Source: Source: New Philanthropy Capital (2007), “*Misspent Youth: the cost of truancy and exclusion*”

²⁰ Sainsbury Centre for Mental Health (2009), “The chance of a lifetime – Preventing conduct problems and reducing crime”

²¹ ONS (2005), “Mental health of children and young people in Great Britain”

- Cost of youth delinquency, Source: Sainsbury Centre for Mental Health (2009), "*The chance of a lifetime – Preventing conduct problems and reducing crime*"
- Total aggregate cost of poor mental health, Source: World Health Organisation (2008), "*Economic aspects of mental health in children and adolescents*", WHO European Office for Investment for Health and Development.