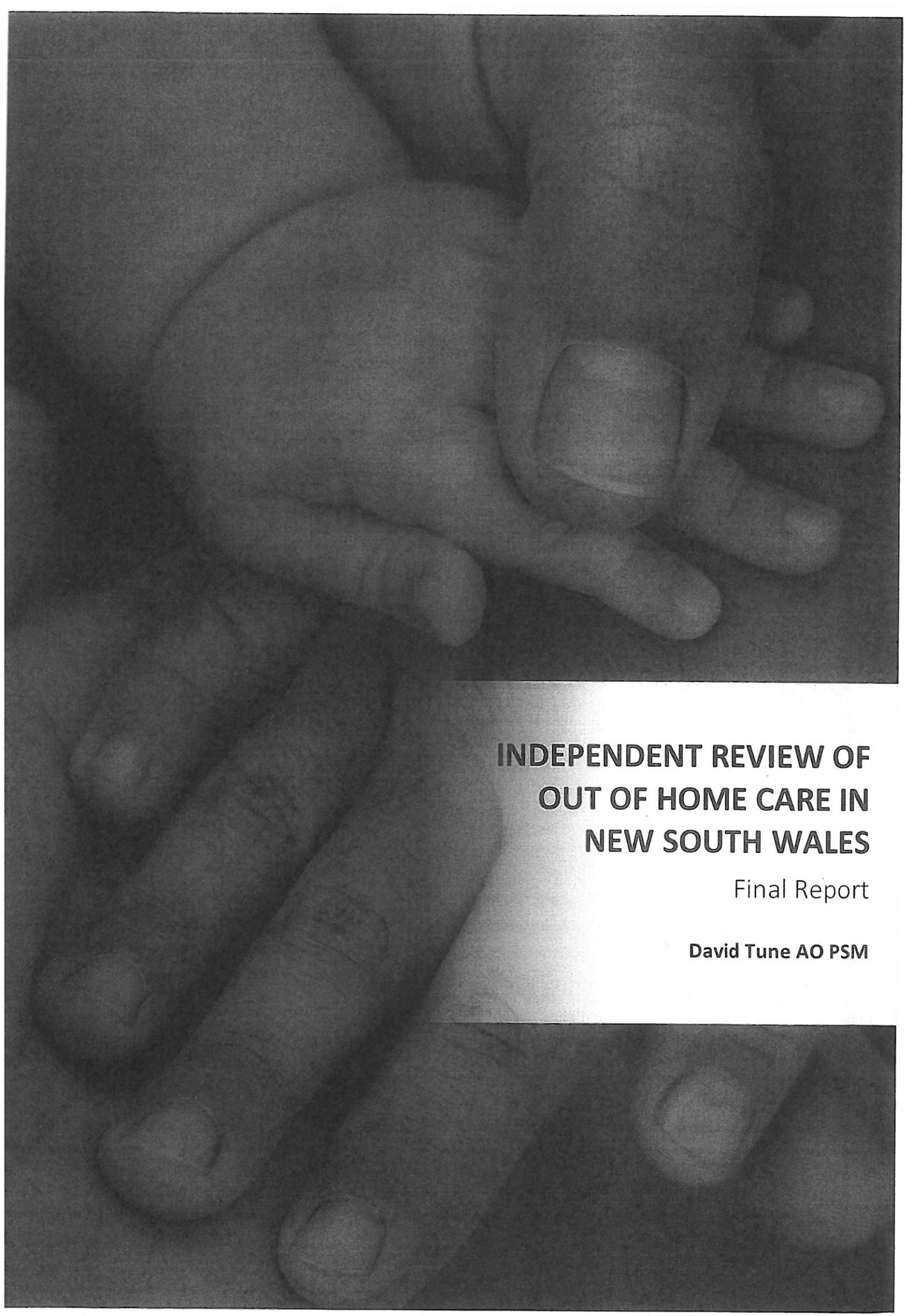


INDEPENDENT REVIEW OF OUT OF HOME CARE IN NEW SOUTH WALES

Final Report

David Tune AO PSM

The Hon Mike Baird MP
Premier
Minister for Western Sydney
GPO Box 5341
SYDNEY NSW 2001

Dear Premier

Report of the Independent Review of Out of Home Care in New South Wales

In accordance with the decision of the NSW Cabinet Expenditure Review Committee of 27 October 2015, I submit the final report of the independent review of out of home care in NSW.

The review examined the current state of out of home care in NSW, including drivers of demand for services, the outcomes for vulnerable children and families, the overrepresentation of Aboriginal children and families and the ongoing fiscal sustainability of the system.

The review concluded that, overall, the current NSW system is ineffective and unsustainable. The system is not client centred, expenditure is crisis driven and not aligned to an evidence base and the Department of Family and Community Services has minimal influence over drivers of demand and levers for change. Moreover, the system is failing to improve long term outcomes for children and families with complex needs, and to arrest devastating cycles of intergenerational abuse and neglect.

To address these systemic problems, the review recommends the introduction of personalised support packages for vulnerable children and their families, with a staged implementation over a number of years. These packages would be developed using an investment approach, as being used in New Zealand, to inform the prioritisation of cohorts with the greatest need and resource allocation for the greatest benefit. The investment approach should be built on strong client data, predictive analytics, and evidence of the right, cost effective interventions that work for vulnerable children and families. The investment approach also requires influence over cross-agency resources to reduce the future liability of government. For this reason, the review recommends that a new NSW Family Investment Commission be established to lead the transformation.

I would like to acknowledge the assistance I have received from the Department of Family and Community Services, the Department of Premier and Cabinet, the NSW Treasury and other NSW Government agencies throughout the review.

The review was commissioned and prepared exclusively for the purpose of submission to and consideration by the NSW Cabinet. It is therefore subject to the usual conventions regarding the confidentiality of such material.

Yours sincerely

David Tune AO PSM

Contents

1 Executive summary 3
2 Recommendations 7
3 Purpose of the review 10
4 What is wrong with the current system 12
5 The need for whole of system reform 21
6 Vision for reform 25
7 Other review terms of reference 42
8 Implementation 47
9 References 49
Appendix 1: Trends in out of home care growth and expenditure 51
Appendix 2: The investment approach 68
Appendix 3: The service continuum and evidence based models 92
Appendix 4: The care allowance 112

1 Executive summary

This independent review of out of home care (OOHC) has concluded that, overall, the NSW system is ineffective and unsustainable. Despite numerous reports and significantly increased government expenditure, over a long period of time, the number of children and young people in OOHC has doubled over the past ten years, and continues to increase. Moreover, the system is failing to improve long term outcomes for children and to arrest the devastating cycles of intergenerational abuse and neglect. Outcomes are particularly poor for Aboriginal children, young people and families.

The drivers of demand for OOHC are complex - including socioeconomic disadvantage, drug and alcohol abuse, domestic violence, and mental health issues - and cut across the portfolio responsibilities of many agencies. However, current expenditure is focused on programs that are provided within agency silos and are difficult for clients to navigate. Furthermore, interventions are not adequately evidence based or tailored to meet the multiple and diverse needs of vulnerable children and families.

Systemic change

Previous child protection reforms in NSW have observed similar problems and made some improvements. In addition, the NSW Government has agreed to implement a number of short term reform recommendations from the Interim Report of the Review. However, more needs to be done to address four systemic problems identified by this Review:

i. **The system is not client centred**

There is a significant amount of expenditure directed to programs intended to prevent escalation to OOHC, delivered within agency silos. The NSW Government spent approximately $1.86 billion on vulnerable children and families in 2015-16. This expenditure consists of at least 61 programs and approximately $450 million in targeted funding, in addition to the base child protection budget of $450 million and OOHC budget of $960 million.[1] The programs are not aligned to the outcomes these clients require, are often inflexible and do not recognise the specific concerns of vulnerable children and families and their local circumstances. The problems are complex, entrenched and will not be addressed adequately through a program by program approach.

ii. **The current system does not improve outcomes for children and families with complex needs**

Vulnerable families have needs that cross government silos. Attempts at coordinated services across agencies fail as no agency can form a comprehensive plan to change the lives of children and families and deliver on that plan. The current system does not hold agencies accountable for achieving whole of person outcomes. Agency accountabilities relate to their silo of services, but the complex issues faced by vulnerable children and families are not defined by those boundaries.

[1] This estimate does not include an estimate of the universal service usage of clients across the continuum, or State and Commonwealth funding of drug and alcohol programs or domestic and family violence programs.

iii. **FACS holds primary accountability for very vulnerable families with little influence over the drivers or levers for change**

FACS is the single point of accountability for the children in OOHC and for families whose children are at imminent risk of entering OOHC. However, FACS has minimal influence over the external drivers of demand or the levers to create change. At the point at which removing a child from their family is the only option, drivers of demand for OOHC are deeply entrenched in a family and occur in combination. FACS is not the agency with primary accountability for addressing these issues, and has little ability to procure or access services to change the life trajectories of vulnerable children and families, as shown by the consistent growth in OOHC.

iv. **Expenditure is crisis driven and not well aligned to the evidence**

Current expenditure is crisis oriented, with the greatest proportion of investment in OOHC service delivery, rather than in early intervention or family preservation and restoration services. Client outcomes and expenditure are rarely measured or monitored and significant recurrent expenditure goes to programs that have not been evaluated. This makes it difficult to assess the effectiveness of interventions for families, focus investment or drive change across government.

As a result of these issues, the current system is not effective in improving life chances for vulnerable children and families. As an indication, recent actuarial analysis found that young people leaving OOHC (care leavers) are more likely to have contact with the health system and the juvenile and criminal justice systems, to require public housing, and to have children who are placed in OOHC. The life trajectories of these vulnerable people also have significant, ongoing cost to government. Significant disruption of the system is needed to achieve the fundamental level of change required.

The Review has concluded that the current siloed approach, with its dependence on goodwill for coordination across agencies and multiple programs, is not adequate to tackle these problems.

Personalised, targeted support

Children and families need to be at the centre of change, with an individualised or family based response and a local, key worker providing support and coordination. Personalised support is the best mechanism to improve life outcomes and change high cost life trajectories for children and families with complex needs. This requires the introduction of personalised support packages for vulnerable children, young people, and families.

In some cases, parents and children will need separate packages. Some parents require focused and enduring support to demonstrate improved parenting capacity. Children need different supports to improve their life chances, depending on their experiences and circumstances. All support packages for complex children and families should consider how to reduce or avoid the intergenerational transfer of child abuse and neglect.

The investment and commissioning approach

The Review recommends the introduction of an investment approach, as recently established in New Zealand, to inform the prioritisation of cohorts with the greatest need and resource allocation for the greatest benefit. This investment approach will be built on strong client data, predictive analytics, and evidence of the right, cost effective interventions that work for vulnerable children and families.

To underpin the investment approach, the first priority should be to estimate the future costs to government of services for vulnerable children and their families. This would provide the first clear view of total government liability and the current service usage by these families. This liability baseline would inform the identification of priority population groups and local commissioning of interventions that improve outcomes and reduce lifetime costs to government.

The investment approach also needs influence over cross-agency resources to reduce the future liability of government. Personalised support packages would be financed from a consolidation of related funding across government, to meet the needs of families and prevent their escalation to intrusive and expensive OOHC interventions. The Review proposes that contributions from agencies be based on real and actual costs to government identified by examining system wide service usage, pathways and whole of system liability.

A NSW Family Investment Commission

To achieve these fundamental changes, a dedicated and focused new entity is required with sufficient scope and authority and single Ministerial accountability. The Review therefore recommends that a new NSW Family Investment Commission be established to lead this transformation (with resourcing drawn from existing agencies) and that a Minister be given responsibility for it. Reliance on the existing governance arrangements, with all the systemic deficiencies noted above, would place implementation of the Review recommendations at great risk.

The NSW Family Investment Commission would coordinate and lead the reform to achieve better outcomes for vulnerable families in NSW by:

- driving the establishment of personalised support packages for vulnerable children and families;
- developing an outcomes framework for vulnerable children and families;
- implementing the investment approach;
- setting the strategic direction for outcomes, resource allocation and prioritisation;
- holding cross-agency funding, appropriated to the Commission;
- setting the parameters and outcomes for local commissioning; and
- providing the system stewardship to build capacity of the service sector, mitigate risk and seek opportunities.

Local Cross Agency Boards would be established in each district to provide advice and commission services in accordance with the Commission's priorities and defined outcomes. Local Cross Agency Boards would:

- provide advice on district performance against the outcomes framework and local needs and service gaps;
- implement the Commission's decisions for specific cohorts; and
- commission and procure services provided under the personalised support packages.

The Commission would be responsible for defining and improving outcomes for specific population groups, beginning with children and young people in OOHC and families with children at imminent risk of entering OOHC. Its focus should expand to include additional population groups within five years, including children at risk of significant harm (ROSH) and vulnerable families more broadly.

Implementation of these recommendations will be a major challenge and it will take time to achieve results. However, over time, it should start to reverse the ongoing growth in expenditure on OOHC and deliver better outcomes for vulnerable children and families. Without them, the system will continue to 'bounce along' with incremental reform but with no realistic chance of achieving these outcomes.

2 Recommendations

1. Personalised support packages

1.1 Introduce personalised support packages for vulnerable children and their parents that access and build upon the universal service system. Separate packages, with differing levels of need, should be designed for children and parents. Packages should include funding for services that achieve outcomes across the following areas:

- health and mental health;
- education and skills development;
- employment;
- positive parenting and relationships;
- housing;
- permanency and stability for children; and
- empowerment and agency.

1.2 Design personalised support packages based on:

- a needs assessment, drawing input from the child, young person and/or parent, family members, professionals and other sources;
- a flexible budget based on the needs assessment; and
- flexibility in service provision and review opportunities.

1.3 Establish the role of local key workers to coordinate personalised support packages and provide sustained and enduring support to achieve the required outcomes.

1.4 Stage the introduction of personalised support packages starting with:

- children and young people in OOHC;
- children and young people at imminent risk of removal; and
- young people transitioning to adulthood from the OOHC system focusing on specific cohorts with complex needs and/or those who struggle to access targeted interventions and secondary services.

1.5 Consider vulnerable children and families with emerging and multiple needs as the next cohort for personalised support packages.

1.6 Introduce a common risk and need assessment tool. The assessment tool should be informed by actuarial information and data analytics.

1.7 Build the capacity and readiness of the service sector for personalised support packages, by realigning existing investment with evidence based interventions that are identified in the recommended service continuum for vulnerable children and families (at Figure 9).

2. The investment and commissioning approach

2.1 Develop and implement an investment and commissioning approach. Implementation should occur stages, starting with children and young people in OOHC and families whose children are at imminent risk of entry to OOHC.

2.2 Develop an outcomes framework for vulnerable children and families across government, building on the Human Services Outcomes Framework, including collecting client outcomes data against the outcomes framework.

2.3 Establish a cross-agency dataset in partnership with the Data Analytics Centre, and a system risk and cost model in line with the scope and purpose of the investment approach.

2.4 Conduct data analysis to provide a baseline for the investment approach by examining system wide service usage, pathways and whole of system liability.

2.5 Define outcomes, evaluate services, and set parameters for local commissioning with the aim of improving life chances for children and families, while reducing future liability for government.

2.6 Build the evidence base for a range of successful interventions targeted at specific vulnerable cohorts.

3. NSW Family Investment Commission

3.1 Establish a NSW Family Investment Commission as a statutory authority within the Family and Community Services cluster, reporting directly to a Minister, to drive the implementation of personalised support packages for vulnerable children and their parents. The Commission would develop the investment approach to commission effective interventions and reduce future liability to government.

3.2 The NSW Family Investment Commission would:

- Identify cross-agency funds to be appropriated to the Commission for vulnerable children and families in social housing, mental health, domestic and family violence, drug and alcohol, targeted early intervention, justice, skills development and education, that would form the basis of personalised support packages for vulnerable children or parental support (excluding universal services);
- hold the budget for vulnerable children and families in NSW including, but not limited to, child protection ($450 million per annum), OOHC ($960 million per annum, and increments in the 2016-17 Budget), Keep Them Safe (post 2017-18) ($102 million per annum);
- prioritise cohorts, define outcomes and provide parameters for local commissioning of interventions, informed by the investment approach; and
- use a transparent and flexible allocation model.

3.3 Establish Local Cross Agency Boards in each district to provide advice to the Family Investment Commission and commission services in accordance with the Commission's priorities and defined outcomes. The Local Cross Agency Boards would provide advice on:

- district performance against the outcomes framework;
- local needs and service gaps;
- implementation of the Commission's decisions for specific cohorts; and
- commissioning processes.

4. Keep Them Safe

4.1 Extend the $102 million Keep Them Safe investment, for three years from 2017-18, with the annual funding to be allocated to human services agencies through the NSW Family Investment Commission from 2017-18.

4.2 FACS and Health to implement the actions identified in section 7 with respect to Brighter Futures, Intensive Families Services and Whole of Family Teams.

4.3 FACS to lead a redesign of the intake, assessment and system navigation architecture, to streamline child protection and child wellbeing intake and assessment. The principles of the redesign are:

- reduce the duplication of service between statutory and non-statutory pathways;
- enable better responses for children and families below the statutory risk threshold;
- increase opportunities for early intervention; and
- avoid entries to OOHC.

4.4 Inform the redesign of the intake, assessment and system navigation architecture through analysis of:

- data linkages at each tier of the intake assessment and referral system;
- clients and their pathways through the system;
- the functions of the Child Protection Helpline, Child Wellbeing Units and Family Referral Services and their intersections with Networked Specialist Centres;
- the roles and responsibilities of Health, Education and FACS staff in relation to assessing and responding to child protection and wellbeing; and
- the capacity of mandatory reporters to respond to needs of vulnerable families below the statutory risk threshold.

5. Care allowance

5.1 Cease all new entries to the placement and allowance category of 'supported care without an order'. Phase out this placement category for current clients over two years.

5.2 FACS, in consultation with Treasury, to review care allowances for carers of children in the placement category 'supported care with an order' from the Family Court of Australia, taking into account the financial support available from the Commonwealth Government and report back to the Cabinet Expenditure Review Committee in December 2016.

3 Purpose of the review

The NSW Government commissioned David Tune AO PSM in November 2015 to conduct an independent review of the current state of the NSW OOHC system. The review was in response to the continued growth of the OOHC population, rising system costs and the limited effectiveness of previous reforms. The purpose of the review is to:

- create a future vision and long term strategy for OOHC;
- understand the demand drivers for OOHC, including entry and exit pressures on the system;
- propose solutions for the unsustainable growth in the number of children in OOHC and the OOHC budget;
- understand the causes and propose options to reduce the overrepresentation of Aboriginal children in the OOHC system and the poorer outcomes for many of these children; and
- review the Side by Side approach and the ongoing appropriateness of programs funded by the Keep Them Safe reforms.

An Interim Report was delivered to in March 2016 which highlighted the challenges with the current OOHC system. It proposed a new direction for the investment in the OOHC system to improve the life outcomes for at risk children and to reduce costs for the NSW Government.

The Interim Report recommended short term reform measures to:

- reduce entries into OOHC by expanding investment in evidence based intensive family preservation and restoration services;
- increase exits from OOHC through a greater focus on restoration and other permanent placements including open adoption by clearing the adoptions backlog, increasing OOHC adoption activity, completing case file reviews of children who have recently entered OOHC to identify permanency options;
- work with Aboriginal communities to reduce the overrepresentation of Aboriginal children in OOHC and improve their life outcomes by investing in Aboriginal family preservation and restoration services, peer support for Aboriginal families after restoration, and innovation by local Aboriginal communities to address child protection concerns;
- improve outcomes for children and young people in care with a new trauma treatment service for children in OOHC and new investment in sustaining OOHC placements to improve stability for children;
- ensure greater focus on reorienting and defining the outcomes required from NGO providers in the OOHC recontracting process. This will require external expertise and support from Treasury.

An independent analysis of the costs and benefits of the short term reform measures[2] indicates that with the required implementation, the proposed intervention may contribute to:

- an approximate reduction of up to 1,540 children and young people in the NSW OOHC baseline population over the four years to 2019-20; and

[2] KPMG (2016) *Out of Home Care Reform*, report prepared for the NSW Department of Premier and Cabinet, Sydney.

- reduced direct costs to the NSW Government of the OOHC provision associated with avoided entries and higher cost placements by up to $180 million by 2025-26, thereby enabling these resources to be allocated to other areas of the system and in meeting previously unmet need for support.

Medium term reforms recommended in the Interim Report to achieve whole of system reform, improve outcomes for children and young people in care and ensure the fiscal sustainability of the OOHC system include:

- applying an investment approach to OOHC reform to improve the lifetime outcomes of children and families in the child protection system;
- ensuring a greater focus on improving client outcomes; and
- introducing personalised packages of support for vulnerable children and families.

This Final Report builds on the recommendations of the Interim Report and focuses on medium term whole of system reform to OOHC, child protection and early intervention services.

4 What is wrong with the current system

4.1 The out of home care system is unsustainable

The number of children and young people in out of home care has doubled over the last ten years

There has been a steady growth in the number of children entering OOHC since 2013 and a recent reduction in exits, particularly as a result of the decline in restorations. This drives up the length of stay in OOHC, which has grown from 10.5 years in 2010 to 12.6 years in 2014. The result is continuing growth of the OOHC population, as illustrated in Figure 1 below.

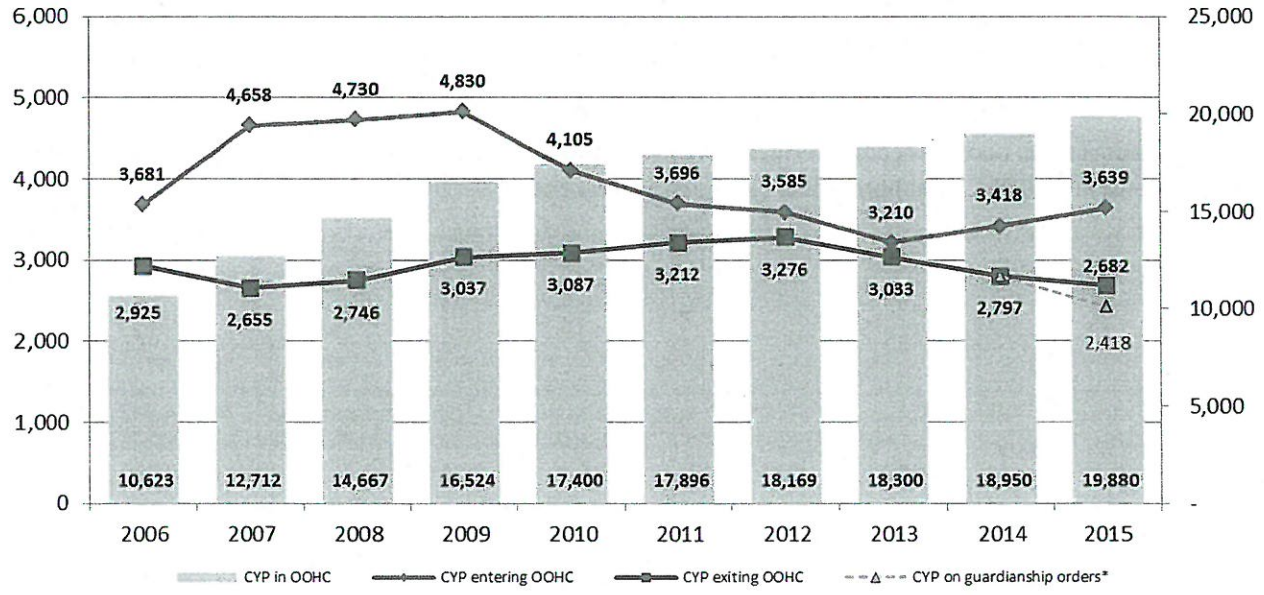


Figure 1 OOHC population overlaid with the number of children and young people entering and exiting OOHC and transitioning to guardianship orders[3]

Key contributors to the increase in entries to OOHC are the increases in reporting of the drivers of demand (including drug and alcohol misuse, domestic violence and mental health issues) and a lack of investment to address the multiple needs of families prior to entering OOHC. See Appendix 1 for further analysis of external drivers of demand for OOHC.

Aboriginal families are more likely to experience the drivers of demand discussed above. Aboriginal children are also increasingly overrepresented in OOHC. 7.4% of all Aboriginal children are in OOHC, compared to 1% of all children and young people in NSW (see Figure 2 below).

Exits from OOHC are decreasing due to:

- a lack of investment in family restoration services;
- the current focus on contracting for long term statutory care from non-government OOHC providers; and

[3] In 2014-15, there were 2,418 children and young people who moved to a guardianship order. This figure includes children and young people who would not otherwise have been counted in out of home care due to unspecified placement details.

- a lack of active casework in FACS and NGOs, or a casework focus on identifying and pursuing permanency outcomes in statutory OOHC as opposed to other permanency options.

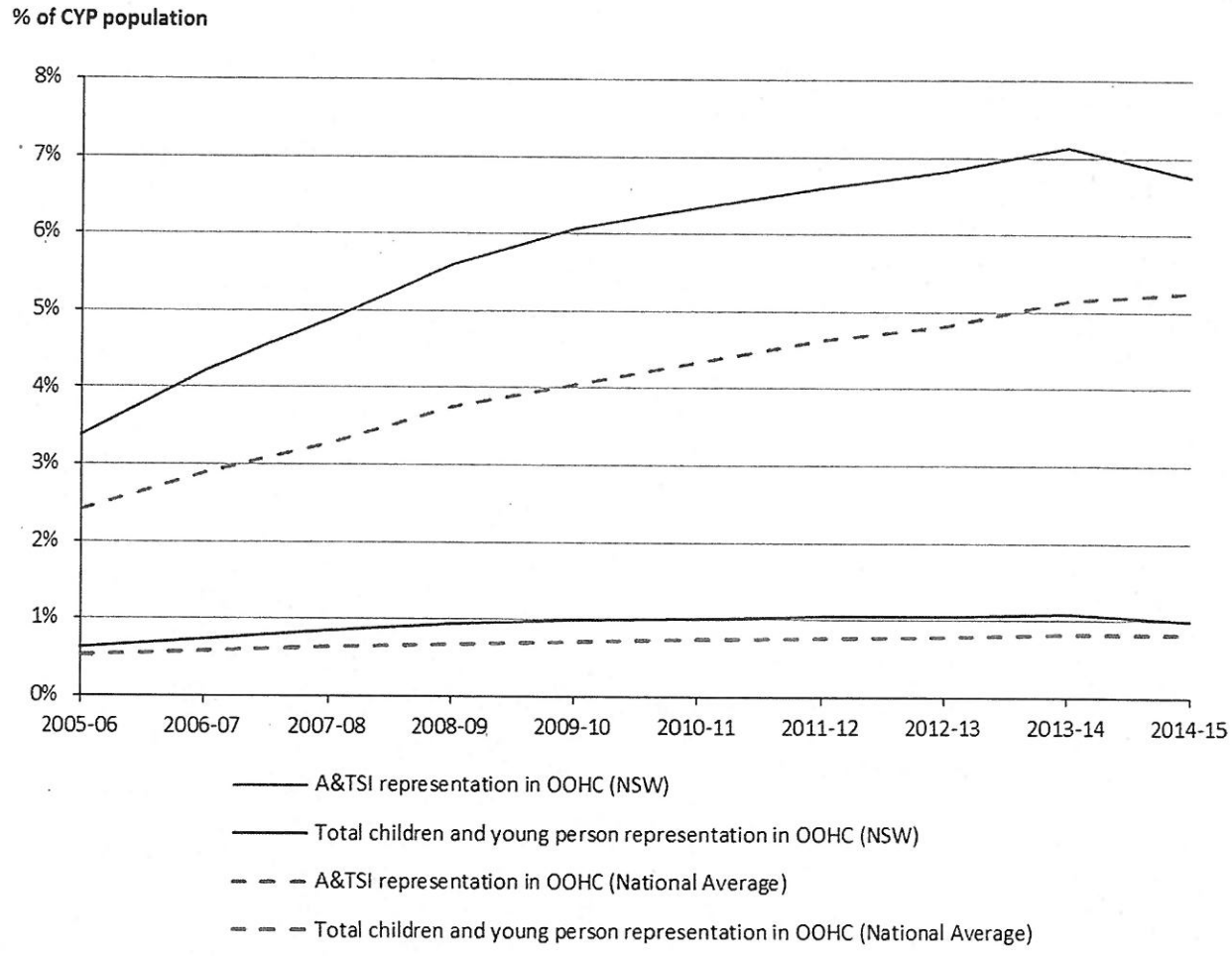


Figure 2 Representation of Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander OOHC children as a proportion of the underlying A&TSI and non-A&TSI children and young person population (NSW and national average)[4]

The examination of external and internal drivers of demand for OOHC undertaken as part of the Review has identified a range of issues and events that contribute to increasing growth in OOHC, for example, the impact of mental health hospitalisations on entries to care, the growing community awareness of domestic and family violence, the intergenerational transfer of abuse and neglect and the current terms of NGO OOHC provider contracts. Further insight in relation to casework practice will be gained as a result of the case reviews recommended in the Interim Report which will focus on increasing successful restorations and other permanency options.

[4] For benchmarking purposes, data from the Productivity Commission *Report on Government Services 2016* has been used to enable comparison across jurisdictions and to the national average. However, there are some discrepancies in the data published by the Productivity Commission and comparable statistics generated from client-level data provided by FACS.

The cost of out of home care is increasing

The direct cost of OOHC services is increasing. In part, this is because of the transfer of OOHC service delivery from FACS to the NGO sector and the contracted terms of that service delivery. The transition was recommended in the 2008 Wood Special Commission of Inquiry into Child Protection Services in NSW and commenced in 2012.

The transition of OOHC service delivery to the NGO sector has had a direct budget impact. The contracted average unit cost of a child in the NGO sector is higher than in FACS care - $27,000 per child for FACS children, compared to $41,000 for NGO delivery for a child in foster care (the lowest category of need). As more children transfer to the NGO sector, the greater the effect on absolute cost.

Figure 3 below shows the increase in absolute cost and average unit cost since 2005-06, and the continued increase as children are transferred to NGOs under the existing contracts. Currently, approximately 57% of children in OOHC are in NGO care, having increased from 42% over the past three years.

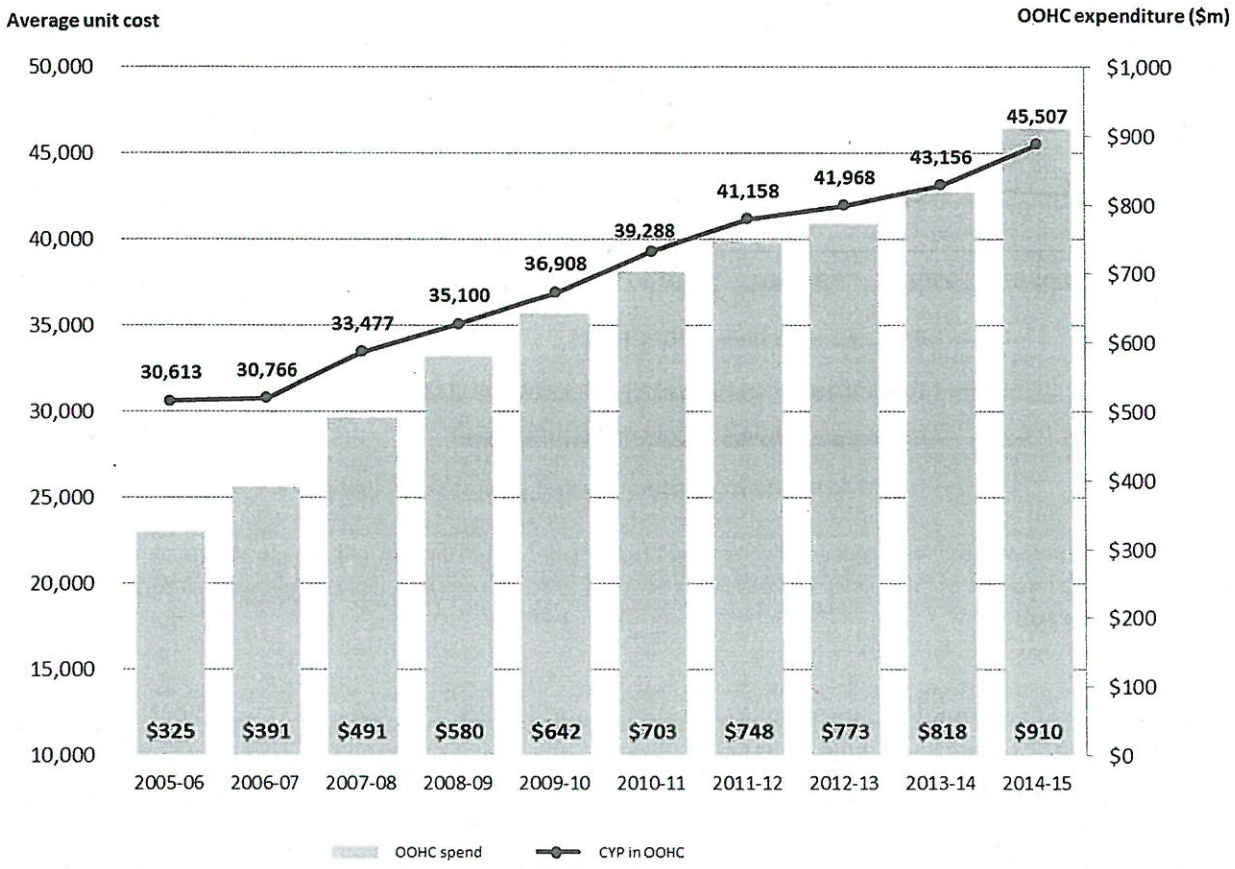


Figure 3 The total OOHC budget overlaid with a simple average annual OOHC cost per child[5]

Correcting for inflation, the real growth in OOHC funding for the same period has been approximately 24.5%, including the Keep Them Safe and Safe Home for Life reforms.[6] Noting that the OOHC population

[5] In 2014-15, there were 2,418 children and young people who moved to a guardianship order. The 2015 cost figure includes children and young people who were moved to guardianship orders during that year.

[6] Australian Bureau of Statistic (2015) *Consumer Price Index, Australia, December 2015*, accessed at: http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0

has increased by 11.7%, the net budget growth over this period has been approximately 12.8%.[7] See Appendix 1 for further analysis on OOHC population trends and expenditure.

4.2 Government expenditure on vulnerable children and families is significant

The NSW Government spends a significant amount on services for vulnerable children and families but the spending is not well targeted and does not reflect the increasing overrepresentation of Aboriginal children and families in the child protection and OOHC systems. The Review made a considerable effort to estimate the current expenditure across government for vulnerable families across the service continuum of targeted early intervention, child protection and OOHC. Despite best endeavours, no conclusive view could be produced.

Based on available information, it is estimated that the NSW Government is spending approximately $1.86 billion in vulnerable families across the service continuum in 2015-16. This expenditure consists of at least 61 programs and approximately $450 million in targeted funding, in addition to the base child protection budget of $450 million and OOHC budget of $960 million.[8] These estimates are conservative and the true cost and size of the effort is likely to be greater.

Figure 4 below makes clear that the current system is crisis oriented with significant expenditure (51.8%) spent on OOHC service delivery, instead of addressing family needs earlier and managing demand for OOHC.

Figure 5 illustrates the number of programs across the service continuum. The programs shown are not part of a coordinated, integrated system with shared objectives. Rather they have evolved in an ad hoc way over many years. The figure does not include enabling non-program funding in agencies, such as the broader child protection or out of home care funding, which is included in Figure 4.

Despite the current level of expenditure, there is significant unmet demand and inefficiency within the current system. For example, only one in three risk of significant harm (ROSH) reports receive a face to face assessment by FACS. In addition, while many ROSH and some non-ROSH reports are referred to multiple services, clients do not receive responses that address their needs and improve their long term outcomes.

Moreover, current expenditure is not focused on achieving specific outcomes. A significant proportion of investment is spent on programs or service models that have not been evaluated. Some service models show promising results, however the outcomes they achieve or track are not reducing the demand for child protection or OOHC.

[7] Corrected for inflation and volume increases between 2009-10 and 2014-15.
[8] This estimate does not include an estimate of the universal service usage of clients across the continuum.

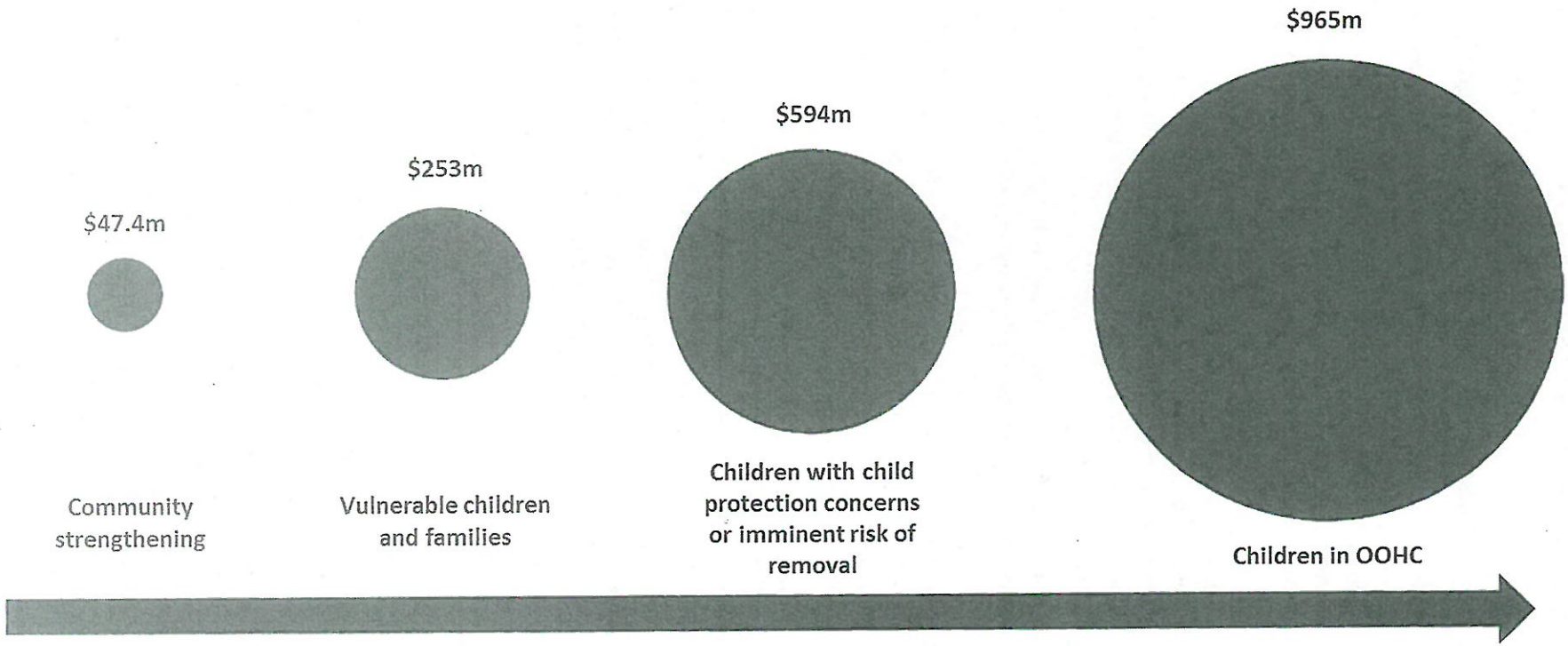


Figure 4 Estimated 2015-16 whole of government expenditure for vulnerable children and families across the continuum of services (including child protection and out of home care services, and excluding universal services in health, education and early childhood)[9]

[9] Additional funding in the 2016-17 Budget includes $190 million over four years for OOHC reform and approximately $75 million for targeted mental health programs.

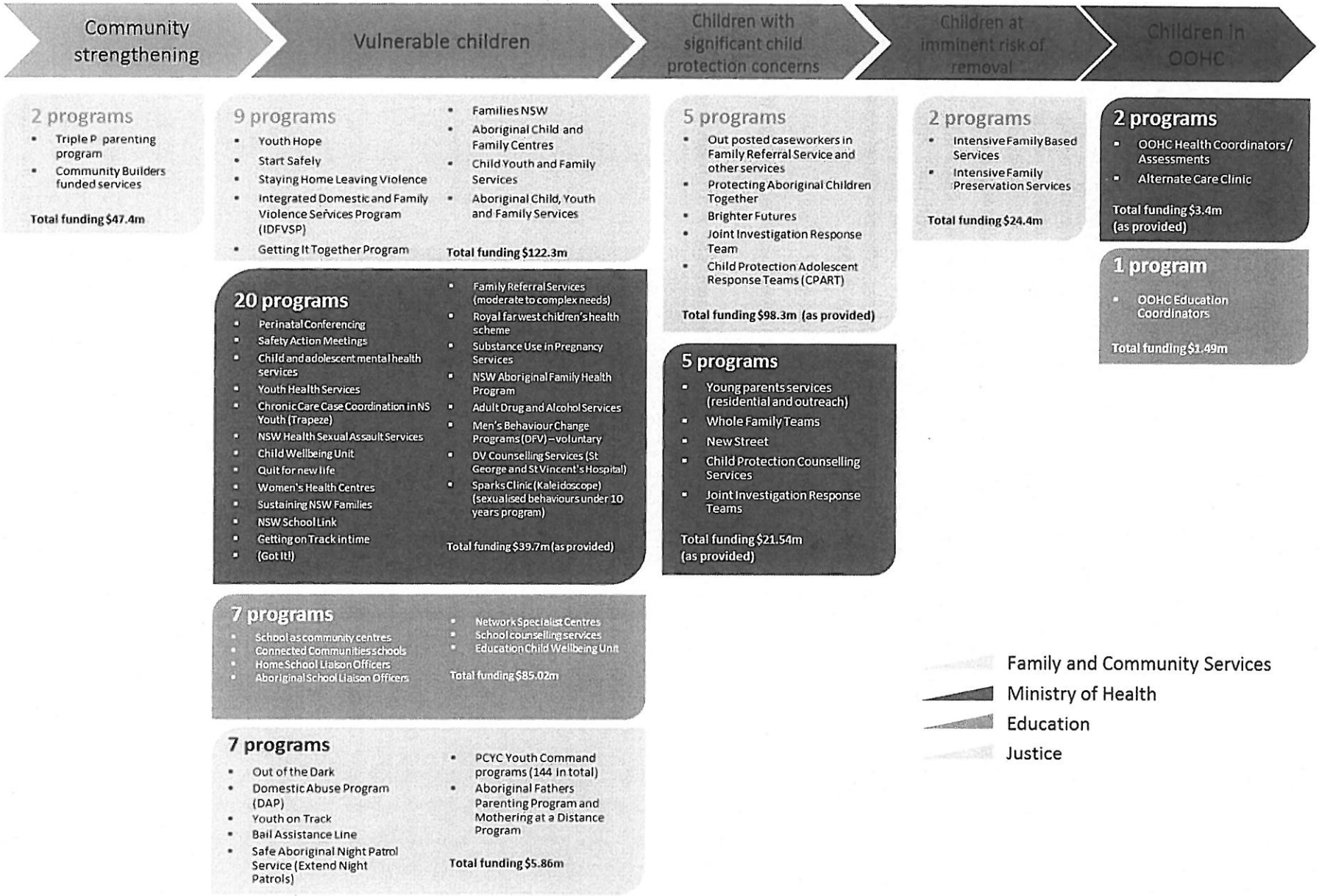


Figure 5 Programs across the service continuum, excluding enabling, non-program expenditure as appears in Figure 4 above (such as child protection and out of home care services)

4.3 Long term outcomes remain poor

Despite recurrent efforts to improve outcomes for children and young people in OOHC and vulnerable families, long term outcomes remain poor.

Families in contact with the child protection system experience a range of complex problems, including a combination of domestic violence, drug and alcohol misuse and mental health issues. These problems often coexist with socioeconomic disadvantage, including poverty, unemployment, low education attainment and homelessness.

Interventions for families with complex and intractable problems will not always prevent escalation or transfer of those behaviours to the next generation. The most successful intensive family based interventions internationally have been evaluated to prevent approximately 60% of OOHC placements. In NSW, current interventions are not well targeted or evaluated, and improvements to service provision are not informed by outcomes data. This reduces the impact and effectiveness of available services.

A recent study analysed the service usage of the 500 families in NSW with the highest and most costly service usage and who had at least one child living with a relative and interaction with the Child Protection Helpline in 2011-12.[10] Figure 6 below shows that, of the FACS cohort of 2,317 people (500 families), 49% were involved with the Department of Justice, 39% accessed Health services, 28% had a fine or penalty notice and 12% were receiving additional education supports. These families cost:

- $66.1 million or an average of $132,000 per family for FACS services.
- $13.7 million to $15 million for services from other government agencies, or an average of $27,000 to $30,000 per family.
- an overall total of $79.8 million to $81.1 million in 2011-12, or an average of $160,000 to $162,000 per family.

[10] PwC and NSW Department of Premier and Cabinet (2014) *Cross-agency data matching exercise: Families with multiple and/or complex needs*, Final Report, Sydney.

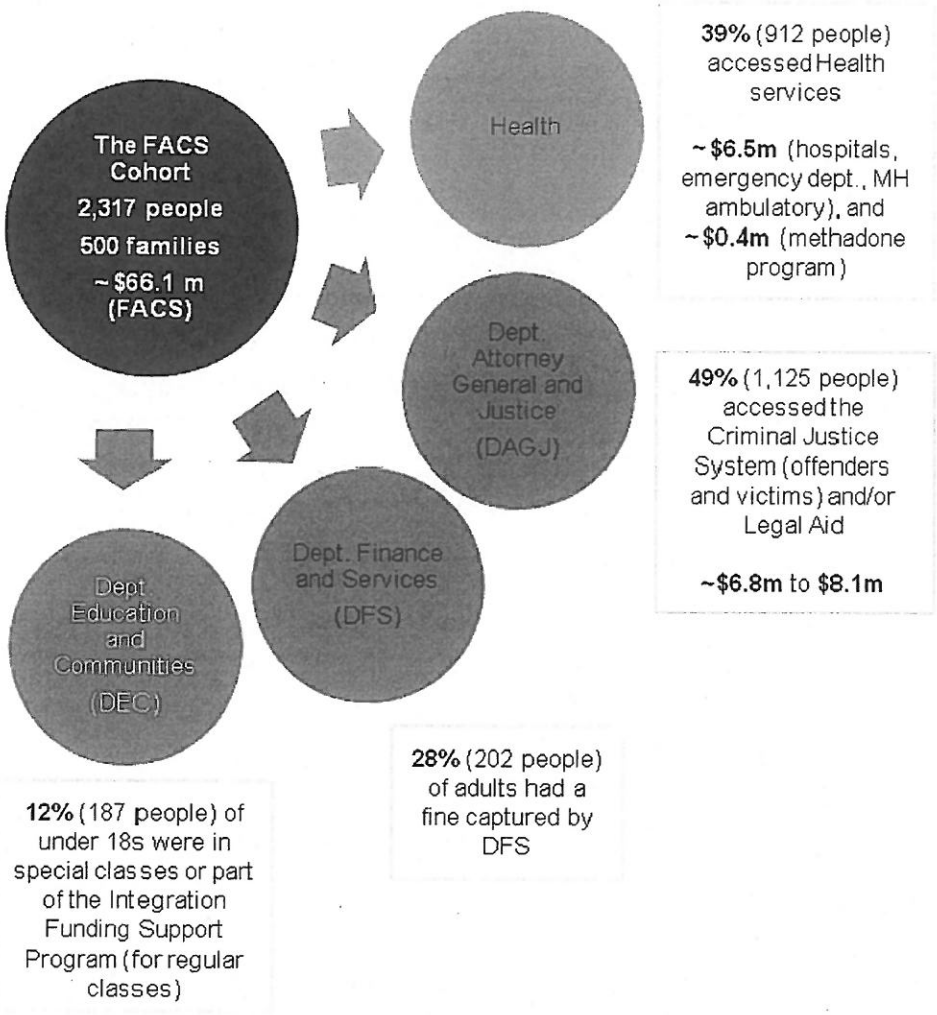


Figure 6 The cross-government service usage of the 500 families in NSW with the highest and most costly service usage who had at least one child living with a relative and interaction with the Child Protection Helpline in 2011-12[11]

Children and young people in OOHC also experience poor outcomes across health, education and wellbeing domains.[12] Outcomes are particularly poor for Aboriginal children. These poor outcomes continue after leaving care, driving continued demand for government services at significant cost over a person's lifetime. An actuarial analysis of children and young people in care and care leavers found that, for service costs while in care:[13]

[11] PwC and NSW Department of Premier and Cabinet (2014) *Cross-agency data matching exercise: Families with multiple and/or complex needs*, Final Report, Sydney. The names of NSW Government departments were current at the time of publication of that report.
[12] NSW Department of Family and Community Services (2015) *Pathways of Care Longitudinal Study: Outcomes of children and young people in Out-of-Home care in NSW. Wave 1 baseline statistical report*, NSW Department of Family and Community Services, Sydney.
[13] Taylor Fry (2015) *OOHC Leavers Valuation - Phase II: Understanding pathways and estimating service usage costs*, presentation to the NSW Office of Social Impact Investment. The NSW Office of Social Investment in the Department of Premier and Cabinet commissioned this actuarial analysis of the costs to the NSW Government of both children in care (including the year they left care) and care leavers, over a period of 20 years. This analysis was completed by the analytics and actuarial consulting firm, Taylor Fry. The analysis focused on a limited number of NSW Government services such as time in custody, hospital care and public housing. This, coupled with methodological limitations means the analysis is inherently conservative.

- the weighted average service usage across all cohorts examined was approximately $62,000 (this analysis covered a limited number of NSW Government services such as time in custody, hospital care and public housing and is likely to be an underestimate);
- the average cost was 42% higher for Aboriginal children, noting that they are the fastest growing cohort in NSW OOHC;
- the most expensive 10% of cohorts examined had a service usage cost of between $141,000 and $327,000;
- the average cost to the NSW Government for male, Aboriginal children in OOHC, with court appearances prior to leaving care, is $1.2 million over 20 years; and
- the 20 year costs of providing government services after children have left care are estimated at an average cost of $284,000. About 95% of the 20 year costs result from six service types:
    - child protection (26%)
    - ambulance (22%)
    - time in custody (18%)
    - court appearances (11%)
    - hospital care (10%)
    - public housing (8%).

Of particular concern is the cycle of intergenerational abuse and neglect. For current children in OOHC:

- 20% of females and 12% of males will have a child in OOHC at some time in the 20 years after exit; and
- OOHC leavers are more than 10 times more likely to need OOHC for their child compared to the general population.

The long term costs to government noted above would be much higher if the intergenerational transfer of abuse and neglect was taken into account, as these costs would grow well beyond the 20 year time frame for the study. Education plays a vital role in breaking the cycle of disadvantage. For the care leavers cohort:

- obtaining a High School Certificate (HSC) is correlated with lower long term cost and service usage;
- for the segment of care leavers with no interaction with the justice sector prior to exiting OOHC, care leavers with a HSC are forecast to have long term costs about 30% less compared to those who don't have a HSC; and
- earlier OOHC leavers were less likely to have a HSC, and this may reflect policy changes about compulsory study.

Tackling this intergenerational cycle of abuse and neglect and the impact it has on families and communities should be an immediate government priority for agencies and specialist and universal services.

5 The need for whole of system reform

5.1 System failures

The Review was directed to consider the causes of demand growth in the OOHC system and propose long term strategies to reverse current trends. The Review was also directed to consider the Keep Them Safe reforms and make recommendations about the future of cross-government early intervention services. As such, the Review considered the system as a whole and the drivers and pressures across it. The review has found that there are a number of system failures that contribute to poor outcomes for vulnerable families and children in OOHC which are summarised below.

- **Vulnerable children and families have needs that cross the boundaries of government agencies. The shared outcomes approach has not improved the outcomes for children and families with complex needs**

  Current effort and investment across the continuum of care does not operate within an integrated system with shared objectives focused on improving wellbeing. Although specific programs might have clear desired outcomes, there is no overarching logic to guide investment and interventions for vulnerable children and families. The alignment of these services to work together on shared outcomes for children and families has had little systemic impact. Collaboration across service areas remains ad hoc, driven by relationships and interpersonal negotiation skills.

  Each agency working with vulnerable children and families is responsible for a discrete set of activities and accountability mechanisms that are largely output based. Client outcomes are often not recorded or followed up, aggregated and analysed to inform service or system improvements. The shared outcomes approach has not been enough to effect system level changes. The lack of cohesion and overall strategy undermine the ability of government to achieve specific, measurable outcomes for children and families.

- **The system is designed around programs and service models instead of the needs of vulnerable families**

  The current service response is characterised by program specifications within agency silos. Programs are not connected under an overarching program logic or outcomes framework.

  The focus is on delivering a service, rather than improving life outcomes. Despite the common vulnerabilities that families face, few interventions are designed or equipped to address multiple vulnerabilities. Children and families often do not receive integrated, tailored responses, grounded in evidence to address their specific and complex needs. Children in OOHC often have complex issues that need a range of responses that cut across funding streams and agencies. FACS holds the accountability for children in OOHC but has little influence or purchasing power over the health, mental health and education services that can affect change.

- **Access to timely help remains a challenge**

  Access to timely help that addresses symptoms as well as the drivers of behaviour remains an issue. Program specifications often result in families being excluded or only receiving help when their needs escalate. The system is characterised by gaps in service provision and great variability in the availability of services across locations, particularly rural and remote. This compounds the unmet demand for services and a focus on referral instead of response.

Unmet demand for services from families with children at risk of significant harm (ROSH) has resulted in a number of clients receiving services from early intervention programs that were not designed to address the complex needs these families have. This results in families receiving services not well matched to their needs and a lack of access to early intervention programs for many parents who would benefit from these services. This can increase the sense of helplessness and hopelessness for parents who are ready to make changes in their lives.

This issue is indicative of the current system architecture that designs services for the system rather than the clients.

- **Interventions are not closely aligned to the evidence base**

  Although programs are designed in line with available evidence, the effectiveness of these programs is not regularly assessed. In fact, 67% of the programs for vulnerable children and families mentioned above have not been evaluated. This means approximately $302 million is spent on programmes where the effectiveness is unknown. When programs are evaluated, the lack of outcomes information can in some cases compromise the evaluation. In addition, after assessing the existing 62 funded programs, only 54% of the functions are related to the functions in the recommended service continuum discussed in section 6.6.

- **Responses are not effectively targeted**

  Despite multiple contacts with a range of government agencies, little information is known about families at an aggregate level, their pathways through the system, their needs, and outcomes. This limits the ability of the system to develop client-centred service delivery, intervene early, and assess the effectiveness of interventions.

  Emerging evidence suggests there are specific and easily identifiable cohorts of children who are at greatest risk of poor outcomes. For example, the children of care leavers are at higher risk of entering OOHC, and young people who were in contact with the criminal justice system prior to leaving care, particularly Aboriginal young men, face the poorest outcomes including incarceration and increased ambulance and hospital usage.[14] However, the current response does not recognise or specifically address the greater risk these clients face.

- **The system is crisis oriented**

  The majority of investment is focused on OOHC service delivery (specifically payment for statutory OOHC placements), rather than preventing entries to OOHC. This imbalance is compounded as more children enter and more placements require funding. Risk factors are not identified early enough to prevent escalation of the problem. A relatively small proportion of investment is focused on targeting drivers of demand for child protection intervention, including domestic and family violence, drug and alcohol misuse and mental illness, when compared to the long term and increasing cost of OOHC resulting from these drivers of demand.

[14] Taylor Fry (2015) *OOHC Leavers Valuation - Phase II: Understanding pathways and estimating service usage costs,* presentation to the NSW Office of Social Impact Investment.

5.2 Previous reforms have not addressed these system issues

A review of the successes and failures of previous child protection reforms in NSW highlights that although the reforms made some improvements, they did not address four main systemic issues:

- **The system is not client centred**

  There is a significant amount of expenditure on a number of programs, intended to prevent escalation to care, delivered within agency silos. The NSW Government spent approximately $1.86 billion on vulnerable children and families across the service continuum in 2015-16. This expenditure consists of at least 61 programs and approximately $450 million in targeted funding, in addition to the base child protection budget of $450 million and OOHC budget of $960 million.[15] These programs are not aligned to the shared outcomes needed for these clients, are often inflexible, and unable to take account of the specific concerns of vulnerable children and families and their local circumstances. The problems are complex and entrenched and will not be addressed adequately through a program by program approach.

- **The current system does not improve outcomes for children and families with complex needs**

  Vulnerable families have needs that cross government silos. Attempts at coordinated services across agencies fail as no agency can form a comprehensive plan to change the lives of children and families and then deliver on that plan. The current system does not hold agencies accountable for achieving the whole of person, shared outcomes that need to be achieved. Agency accountabilities relate to their silo of services, but families' complexities and the effort needed to change lives is not defined by these boundaries.

- **FACS holds primary accountability for very vulnerable families with little influence over the drivers or levers for change**

  FACS is the single point of accountability for the children in OOHC and for families whose children are at imminent risk of entering care. But FACS has minimal influence over the external drivers of demand or the levers to create change. At the point where removing a child from their family is the only option, the OOHC drivers (drug and alcohol abuse, domestic and family violence and mental health) are deeply entrenched in a family and occur in combination. FACS is not the agency with primary accountability for addressing these issues, and has little ability to procure or access services to change the life trajectory of these children and families, as shown by the consistent growth in OOHC.

- **Expenditure is crisis driven and not well aligned to the evidence**

  Current expenditure is crisis oriented, with the greatest proportion of investment in OOHC service delivery, rather than in early intervention or family preservation and restoration services. Client outcomes and expenditure are rarely measured or monitored and significant recurrent expenditure goes to programs that have not been evaluated. This makes it difficult to assess the effectiveness of interventions for families, focus investment or drive change across government. There are also missed opportunities to provide evidence based service responses at the earliest opportunities to address family vulnerabilities and reduce needs from escalating into crisis.

[15] This estimate does not include an estimate of the universal service usage of clients across the service continuum.

5.3 Summary of problems within the current system

Overall, the system is ineffective and unsustainable. Expenditure is directed to an ad hoc collection of programs developed and delivered within agency silos that are not focused on achieving shared objectives, including the priority to prevent children and young people entering the child protection or OOHC system. Programs across government are not adequately tailored to meet the needs of children and families with multiple needs, contributing to poor long term outcomes across a range of wellbeing domains, child protection and OOHC intervention, and devastating cycles of intergenerational abuse and neglect. Ineffective responses for families with multiple needs has resulted in more children in OOHC and a crisis oriented system in which expenditure is concentrated on OOHC rather than targeted intervention to prevent OOHC entries.

6 Vision for reform

This Review recommends a vision for systemic reform to improve outcomes for vulnerable children and families by ensuring:

- children and young people are safe and supported in order to reach their potential;
- vulnerable families receive help specific to their needs, to improve their life outcomes and keep their children safe; and
- Aboriginal children and families have access to effective, culturally appropriate services to achieve better outcomes.

While the NSW Government has been working incrementally towards achieving a vision similar to this, the Review recommends that fundamental, whole of system reform is required to achieve it.

6.1 Short term measures to address immediate risk

As a first step, immediate action is needed to reduce the number of children in OOHC. The Interim Report made a number of recommendations which were funded in the 2016-17 Budget and funded over four years (2015-16 - 2019-20), as detailed below.

Objective	Action
Reduce entries to OOHC	▪ Expanding investment in intensive family preservation and restoration services using evidence based models ▪ An additional 940 places (approximately) for children in evidence based service models including: ▪ Multi-systemic Therapy – Child Abuse and Neglect ▪ Family Functioning Therapy – Child Welfare
Increase exits from OOHC	▪ Clear the adoptions backlog ▪ Increase OOHC adoptions capacity ▪ Commission external permanency assessments ▪ Case reviews to consider the potential for successful restoration ▪ Staff dedicated to restoration activity and other exit pathways from OOHC
Reduce Aboriginal children and young people in OOHC	▪ Quality enhancement framework for Aboriginal intensive family preservation and restoration services ▪ Innovation by local Aboriginal communities addressing child protection and OOHC ▪ Intensive family preservation peer support for Aboriginal families following restoration, approximately 100 trial places
Improve outcomes	▪ Develop a trauma treatment service for children in OOHC ▪ New investment in OOHC placement preservation using evidence based models

	▪ Outcomes based measures and an incentive based pricing structure for future OOHC NGO contracts ▪ Performance and continuous improvement function, implementation rigour and evaluation

The Interim Report estimated that for every one percentage point reduction in the number of OOHC cases achieved over the forward estimates, $127 million in OOHC costs will be avoided.

Further independent cost benefit analysis undertaken by KPMG estimates that the short term reform measures may contribute to:

- up to 1,541 avoided entries to OOHC over the four years to 2019-2010;
- reduced direct costs of up to $180 million associated with avoided entries to OOHC by 2025-2026; and
- improvements in quality of life and outcomes for at risk children and young people and their families, together with other reduced costs that are not directly quantifiable, for example, reduced demand for other government services during and after OOHC.

The figure below shows the projected collective impact of the interventions on the OOHC population over the period of the forward estimates, from 2016-17 to 2019-20.

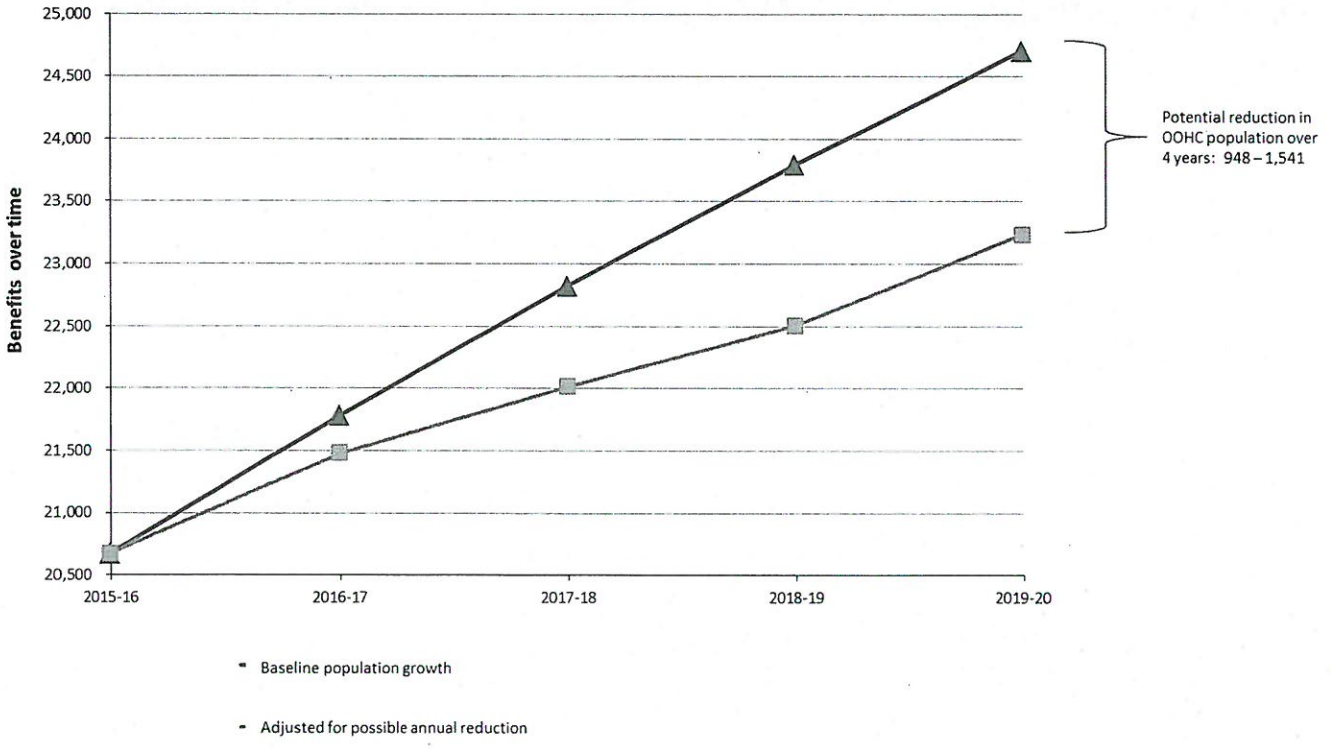


Figure 7 Estimated potential impact of short term reforms compared to a given baseline growth rate, 2016-17 to 2019-20[16]

[16] KPMG (2016) *Out of Home Care Reform*, report prepared for the NSW Department of Premier and Cabinet, Sydney.

In order to achieve these potential benefits, it is critical that the measures are implemented with fidelity to the evidence base. However, it should be noted that these short term measures will not ensure the fiscal sustainability of the OOHC system over the long term. Comprehensive system reform is required to address the system barriers noted in the previous section. Rather than incremental changes to programs, the approach to vulnerable families and children needs complete reorientation to improve the services provided, the outcomes achieved, and the financial sustainability of the system.

6.2 Medium term reform priorities

A key reform priority to bring fiscal and social sustainability to the OOHC system is to shift to a system of personalised support packages for vulnerable children and their families. Broad programmatic responses and cross-government cooperation have not been able to change the unsustainable direction of the current system. Even though current interventions assess the needs of children and families, the inability to consider achieving outcomes beyond program silos limits the effectiveness of services and does not address the complex drivers that send children into OOHC or that continue the intergenerational transfer of abuse and neglect.

To drive fundamental change to the current system and to introduce well designed and effective personalised support packages, four enablers should be established:

- **Develop an outcomes framework for vulnerable children and families in NSW**

  The framework should define the desired outcomes for vulnerable children and families, across-agency boundaries, and specify the indicators used to measure these outcomes. This should focus effort, accountability and investment on improving the effectiveness of interventions for vulnerable children and families.

- **Apply an investment and commissioning approach to service delivery**

  An investment and commissioning approach to improving outcomes for children and young people will better target interventions and establish the fiscal sustainability of the child protection and OOHC system. It involves undertaking actuarial analyses of the lifetime costs of children and young people in OOHC and families in the child protection system to model the future liability to government based on their expected service use. This approach would commission effective services based on a better understanding of the life trajectories of vulnerable children and families and their outcomes.

- **Build the evidence of effective interventions**

  Personalised support packages and future investment will be informed by an evidence based service continuum. In areas for which the evidence base is relatively underdeveloped for specific cohorts of vulnerable children and families, a trial test and learn approach should be adopted. This relates particularly to work with Aboriginal children, parents and communities, where there is not a strong evidence base for interventions to stem the growth of Aboriginal children in OOHC.

- **Establish a NSW Family Investment Commission**

  To develop and implement the enablers of system change described above, a dedicated and focused new entity is required. The entity should have sufficient scope, authority and single Ministerial accountability. It is therefore recommended that a new NSW Family Investment

Commission be established to lead the transformation, and that a single Minister be given responsibility for it. A NSW Family Investment Commission would coordinate and lead the reform to achieve better outcomes for vulnerable families in NSW by:

- driving the establishment of personalised support packages for vulnerable children and their families;
- implementing the investment and commissioning approach;
- setting the strategic direction for outcomes, resource allocation and prioritisation;
- holding cross-agency funding, appropriated to the Commission;
- setting the parameters and outcomes for local commissioning; and
- providing the system stewardship to build capacity of the service sector, mitigate risk and seek opportunities.

6.3 Transition funding to personalised packages

The Review recommends the introduction of personalised support packages for vulnerable children and their parents. These packages would access and build upon the universal service system, ensuring a child, young person or family centred focus for the most vulnerable children and families in NSW.

Personalised support packages are the most child and family-centred service delivery mechanism available for improving outcomes. They are particularly beneficial for families with complex needs who require a mix of tailored services, from a range of providers. For these complex families, parents and children will need separate packages. Parents require focused and enduring support to demonstrate improved parenting capacity. Depending on their experiences and circumstances children will need different supports from different providers, to improve their life chances.

Establishment of the support packages will require the non-universal funding for vulnerable children and families to be identified across human services agencies. The consolidation of this funding, appropriated to the Commission, provides the source of funding for the support packages. The mechanism for establishing the support packages and directly commissioning the most effective interventions should be as close to the client as possible.

Packages should include funding for services that achieve outcomes across the following areas:

- health and mental health;
- education and skills development;
- employment;
- positive parenting and relationships;
- housing;
- permanency and stability for children;
- empowerment and agency; and
- connection to culture.

The design of effective, quality personalised support packages will feature:

- a needs assessment drawing input from the child, young person and/or parent, family members, professionals and other sources;
- support and coordination from a key worker;

- a flexible budget based on needs assessment;
- flexibility in service provision and review opportunities; and
- sustained and enduring support to achieve the required outcomes.

Personalised support packages should be introduced initially for children and young people in OOHC and families with children at imminent risk of entry to OOHC. The FACS or non-government key worker would work with the child, young person and/or family to define their support package. The needs of the client would be assessed and, based on their needs (e.g. tier one, tier two, tier three), and the key worker would be allocated a funding package according to the client's assessed threshold.

A case plan would identify the evidence based services required to achieve the case plan goals. The key worker would procure services informed by the service continuum (Figure 9). Personalised individual or family packages would travel with clients through the system and be adjusted over time based on need. They would build on the universal and mainstream service systems, particularly health and education.

Personalised support packages represent a significant shift away from multiagency, programmatic and siloed funding and should be implemented gradually over the next three to five years. A significant amount of work is required to identify the funding sources, assess needs of clients, to build a market for service provision, to develop reliable costings for various packages, and to amend funding arrangements with providers.

Children and young people in out of home care

Support packages would be implemented first for specific cohorts of children and young people in OOHC with complex needs, and those who struggle to access universal services (e.g. full time education), targeted interventions (e.g. restoration services) and secondary services (e.g. mental health consultancy). Trials of packages for this cohort would begin in 2017.

The initial focus in OOHC would include the 450 children and young people in residential care targeting:

- younger children who may be better suited to other family based care arrangements;
- older children, ready to transition from care, who already have a child, or are likely to have children early; or
- young people who will to return to their birth families after leaving care.

Children and young people at risk of entering out of home care

The intention of these packages is to improve the outcomes for these children in care but also to actively prevent the entry of the next generation into care. Another cohort to consider in the early roll out of personalised support packages is the additional 900 children to be targeted for intensive preservation and restoration services.

Within this cohort separate packages would be required for parents in order to establish and maintain improved parenting capacity. Parental support packages would also actively seek to prevent new siblings entering care as they are born. Parenting packages would include:

- health and mental health services focused on improving and sustaining parenting capacity;
- assertive intervention with the option of Parental Responsibility Contracts and Parental Responsibility Orders;
- drug and alcohol management support to improve and sustain parenting capacity; and

- Domestic and family violence intervention and support aimed at preserving children within the family.

Over time, packages should be introduced for:

- young people transitioning from the OOHC system;
- the broader cohort of families with children at imminent risk of removal ; and
- vulnerable children and families.

Young people transitioning from the OOHC system should have their personalised support packages aligned with their leaving care plans. This cohort would be expected to have significant input to their needs assessment and package choices, with an additional focus on improving life trajectories, reducing the intergenerational transfer of neglect and abuse and reducing lifetime reliance on government.

Analysis of the factors that influence lifetime costs to government highlight the value of access to education and a significant level of educational attainment. Engagement with education from early childhood, the middle school years, high school and transition to further skills development (vocational education and training) is vital, but also relies heavily on the universal education system providing a pathway for children in OOHC. Personalised support packages would have a role in enhancing and supporting this pathway.

6.4 An outcomes framework for vulnerable children and families

The Review recommends the development of an overarching outcomes framework for children and families in NSW. An outcomes framework would provide a single view of the desired outcomes for children and families in NSW.

By applying a single framework across government and non-government activity, effort and resources can be focused on interventions that realise the desired outcomes for vulnerable children and families, facilitating the establishment of personalised support packages. This will address the lack of accountability across agencies and prioritise the outcomes required for vulnerable children and families.

The framework should be developed in consultation with human services agencies and should specify indicators to measure outcomes across wellbeing domains. Child and family outcomes data would be gathered by agencies and consolidated in a report provided to the NSW Government on progress against the outcomes framework.

Some progress has already been made towards a single outcomes framework across human services in NSW. The Human Services Outcomes Framework articulates broad wellbeing domains and specifies criteria under each domain. This framework has been well supported by the agencies and the NGOs involved and will continue to be refined with stakeholders. This work will provide the structure under which the detail for vulnerable children and families is built, providing agency level outcomes, baselines and measures.

6.5 An investment approach

The Review recommends the development and implementation of an investment approach for vulnerable children and families to improve outcomes and to ensure the fiscal sustainability of the child protection and OOHC systems. The investment approach ensures that effort and funding is focused on providing services which have the greatest social return as well as promoting a cost effective system. This approach takes a whole of system view in order to:

- establish a high quality, transparent cross-government dataset to measure the effectiveness of interventions and outcomes and, in partnership with the Data Analytics Centre;
- tailor and target responses to specific cohorts of clients;
- focus investment on interventions that will improve the long term outcomes for clients at the earliest opportunity;
- ensure continuous improvement with a test, learn and adapt approach to investment; and
- reduce long term costs associated with poor outcomes and maximise efficiency.

Each component supports decision making on resource allocation for target cohorts and assist in informing system strategy and prioritisation.

The key components of the investment approach are illustrated in Figure 8 below. Further information on the investment approach is provided at Appendix 2.

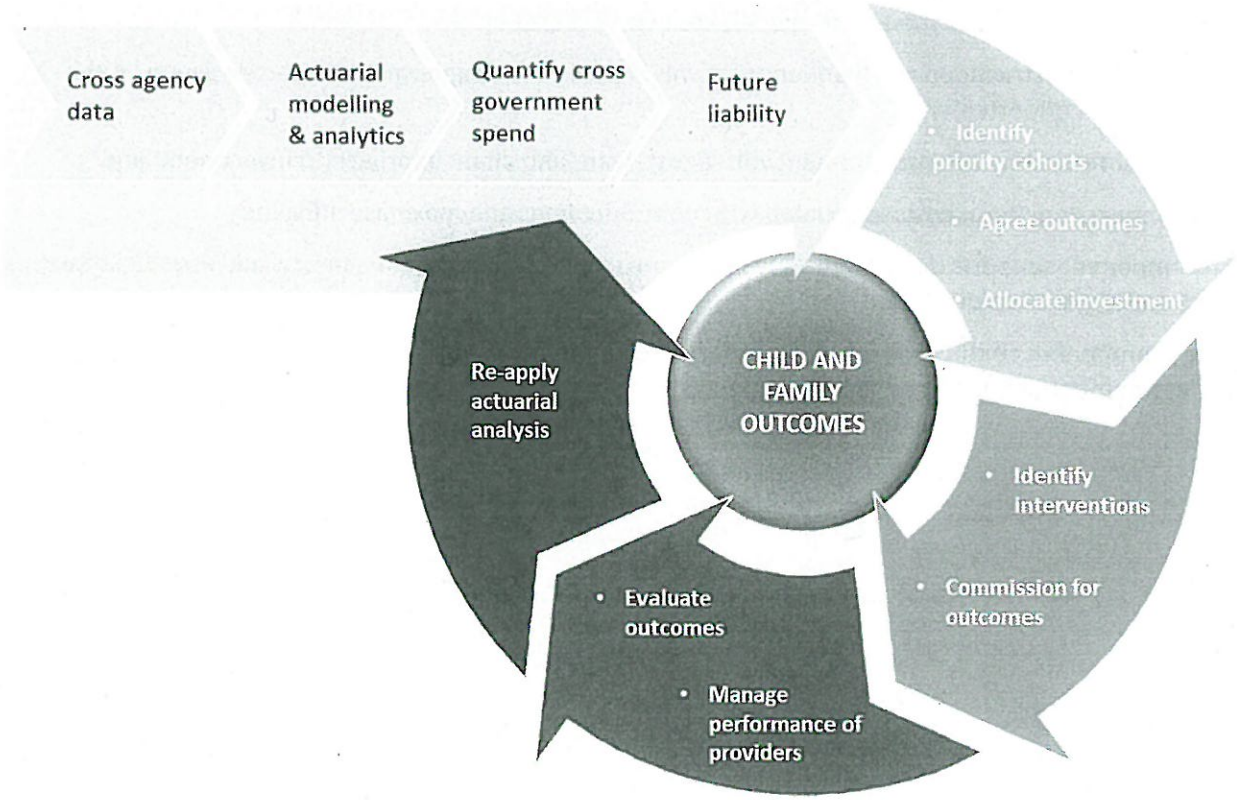


Figure 8 Overview of the investment approach; data collection and resource reallocation cycle

Case study: The New Zealand experience of modernising child youth and family services

In 2011, the New Zealand Government introduced an investment approach for the long term management of its income support system aimed at reducing welfare dependency. Since then, the New Zealand Government has invested approximately $500 million in this ambitious reform.

Under the investment approach, resources are directed to interventions that have the greatest potential to achieve results for at risk clients and the greatest financial return on investment for taxpayers. The latest valuation report of New Zealand's investment approach confirmed that the reforms are reducing lifetime liability, the length of time individuals receive welfare benefits and the amount of expenditure on payments. Compared to the baseline valuation, current clients are expected to spend an average of 1.6 fewer years receiving welfare benefits over their working lifetime.[17] Results are particularly strong for youth clients, as the average expected duration of benefit receipt has fallen by 2.8 years.[18] Between 2011 and 2015, actuarial analysis suggests that New Zealand's total welfare benefit liability reduced by approximately $12 billion (around 15% of the value of the original liability in 2011) as a direct result of policy changes and operational management.[19] Investing even earlier in children and young people (through an investment approach for child, youth and family services) is expected to have at least similar or even greater impact on lifetime outcomes and future costs to government.[20]

The New Zealand Government recently announced it will adopt an investment approach to child youth and family services. The package of reforms, which is expected to take up to five years to be fully implemented, will include:

- a new child centred operating model with a greater focus on harm and trauma prevention and early intervention.
- a single point of accountability for the long term wellbeing of vulnerable children. Governance includes a new Ministerial Oversight Group, a new Vulnerable Children's Board, with an independent chair and additional external expertise, and a dedicated cross-agency transformation team to design and implement priority initiatives.
- the Vulnerable Children Outcomes Framework, which brings together a set of indicators and measures against which to report progress on improving the safety and wellbeing of New Zealand's most vulnerable children.
- a social investment approach, using actuarial valuations and evidence of what works, to identify the best way of targeting early interventions, to ensure that vulnerable children receive the care and support they need.
- direct purchasing of vital services such as health, education and counselling support to allow funding to follow the child, so that young people can gain immediate access to assistance.
- a stronger focus on reducing the overrepresentation of Maori young people in the system. Currently, 60% of children in care are Maori. Strategic partnerships will be developed with Iwi groups and NGOs.

[17] Taylor Fry (2014) *Valuation of the Benefit System for Working Age Adults*, report prepared for the New Zealand Ministry of Social
[18] Taylor Fry (2014) *Valuation of the Benefit System for Working Age Adults*, report prepared for the New Zealand Ministry of Social Development, accessed at: https://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/media-releases/2015/valuation.pdf.
[19] New Zealand Ministry of Social Development, Media Releases, Key Findings - Highlights https://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/media-releases/2016/key-findings-2015.pdf; Taylor Fry (2014) *Valuation of the Benefit System for Working Age Adults*, report prepared for the New Zealand Ministry of Social Development, accessed at: https://www.msd.govt.nz/documents/about-msd-and-our-work/newsroom/media-releases/2015/valuation.pdf.
[20] New Zealand Ministry of Social Development (2015) *Expert Panel Final Report: Investing in New Zealand's Children and Families*, accessed at: https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/investing-in-children/investing-in-children-report.pdf.

When considering the New Zealand experience, it is important to note:

- New Zealand had already built the Integrated Data Infrastructure, which combines information from a range of organisations (such as health and education data).[21] This process is just beginning in NSW and is being led by the Data Analytics Centre.
- New Zealand had proven the case for the investment approach by applying it to social security.
- This reform had significant political leadership and momentum, including support from the Prime Minister and a panel of independent experts.

[21] Further information on the Integrated Data Set is available via Statistics New Zealand: http://www.stats.govt.nz/browse_for_stats/snapshots-of-nz/integrated-data-infrastructure.aspx.

6.6 Shift investment to evidence based interventions

The personalised support packages rely on an effective service system to deliver the interventions required. This will include a suite of existing and yet to be implemented, evidence based services.

To achieve this, the Review recommends that, over the next three years, the service system be aligned to an evidence based service continuum. A model service continuum was developed with the assistance of the Australian Research Alliance for Children and Youth (ARACY) in consultation with NSW Government human services agencies. The service continuum is summarised below in Figure 9 and further information is provided in Appendix 3.

The service continuum supports and builds on universal services, such as health, education and community infrastructure. The universal platform has a vital role in addressing the needs of families as early as possible and diverting them to targeted and specialist services where possible. Universal services operate across the continuum of need, ranging from families requiring early intervention to children in OOHC. The continuum also identifies the various non-universal services vulnerable children and families require for their needs to be addressed. For each service function, there are a range of evidence based models that could be applied.

ARACY undertook a review of existing NSW funded programs to assess the proportion that may be described as evidence based. Further work is required in order to ascertain the readiness of the NSW service system to transition to an evidence based service continuum. However, the review conducted by ARACY found that 54% of the functions in the recommended service continuum align with the service functions of the existing 62 funded programs.

Given just over half the current service functions match the recommended service continuum, the Review recommends that the NSW Government realign current expenditure to the service continuum over the next three to five years. As the investment approach is developed, data and evaluation will guide investment in evidence based services aligned to the continuum. The level at which each service function is funded across the continuum will be informed by the investment approach. This will include analysis of client needs and cohorts and the type and quantum of services required to improve outcomes for specific cohorts.

Where the evidence base is relatively underdeveloped, analysis of the relative effectiveness of various interventions will be conducted, including their effectiveness in improving long term outcomes and the relative cost benefit of these interventions, to support the delivery of an investment approach.

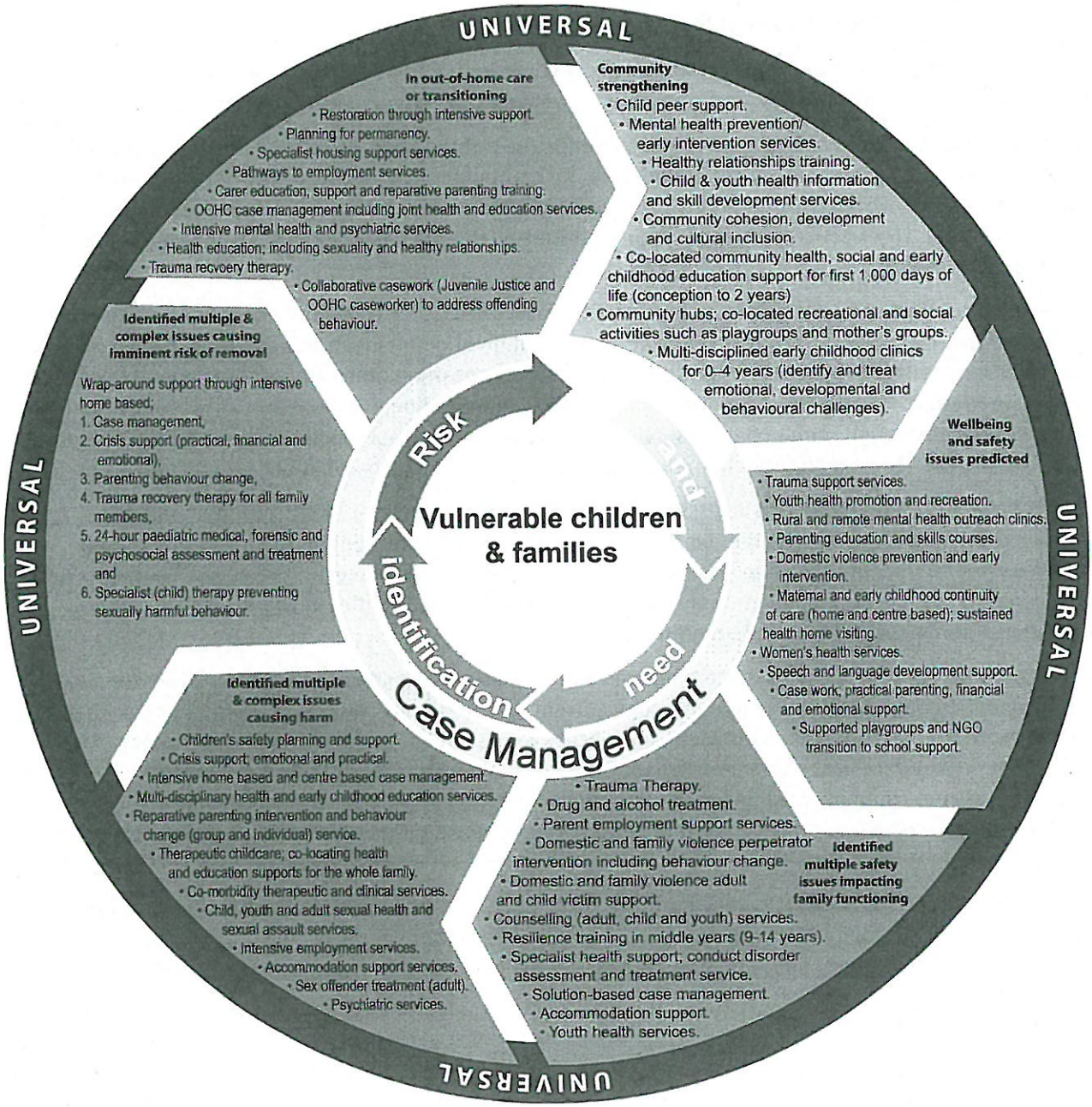


Figure 9 Service continuum for vulnerable children and families

6.7 The NSW Family Investment Commission

The nature and scale of the proposed reforms suggests that a different approach to governance and service delivery is required. The use of existing structures through siloed programs, without reference to an overarching framework will not work. Indeed, these issues are a significant part of the problem. The review therefore recommends that a NSW Family Investment Commission be established to drive, manage and implement the reform process. Functions of the Commission would include:

- driving the establishment of personalised support packages for vulnerable children and families;
- developing an outcomes framework for vulnerable children and families;
- implementing the investment approach;
- setting the strategic direction for outcomes, resource allocation and prioritisation;
- holding cross-agency funding, appropriated to the Commission;
- setting the parameters and outcomes for local commissioning; and
- providing the system stewardship to build capacity of the service sector, mitigate risk and seek opportunities.

Roles and responsibilities

The Commission would be responsible for improving outcomes for specific population groups, beginning with children and young people in OOHC and families with children at imminent risk of entry to OOHC. Its remit and funding scope should expand, beyond the FACS funding stream, to include funding related to the drivers of OOHC, such as vulnerable families with domestic and family violence and/or drug and alcohol issues.

The Commission would operate strategically to set priorities and outcome measures for the client groups, gather and analyse data, design investment plans, hold and manage funding, identify and commission service interventions, and monitor and evaluate their effectiveness.

The Commission would not be responsible for direct service delivery, but would lead the shift to personalised support packages as a strategic commissioner, directing local district and/or joint commissioning across a range of service areas to build an evidence based market for service provision.

Governance

The Commission should be established as a separate statutory authority, within the FACS cluster, reporting directly to the Minister. The Commission would hold funding across agencies and report separately on expenditure. It would be supported by a Family Investment Commission Advisory Board, appointed by the Minister, comprising relevant independent and influential experts, and the Chief Executive of the Commission.

A Cross Agency Board, and the existing Aboriginal Safety and Permanency Statewide Advisory Group, would provide advice to both the Commission and the Family Investment Commission Advisory Board. The Cross Agency Board would be comprised of NSW Government senior executive, including Secretaries of all relevant agencies and central agencies. A cross-agency implementation team to establish the Commission should be drawn from FACS, DPC and Treasury with expert advice drawn from relevant agencies.

Local Cross Agency Boards would also be established in each district to commission services in accordance with the Commission's priorities and defined outcomes. Membership would comprise local representatives of human services agencies. These Boards would:

- implement decisions of the Commission in relation to specific cohorts by commissioning and procuring services;
- monitor and report on district performance against the outcomes framework; and
- identify local needs and service gaps.

The Minister overseeing the Commission would be accountable to Cabinet and the Cabinet Expenditure Review Committee. This includes accountability for progress against the outcomes framework and oversight of the allocation of resources.

The Commission should operate independently of the service delivery arm of FACS and other agencies to ensure it can lead high level reform and priority setting, and influence practice improvement through commissioning for outcomes.

The governance and operating framework for the Commission is illustrated in Figure 10 below.

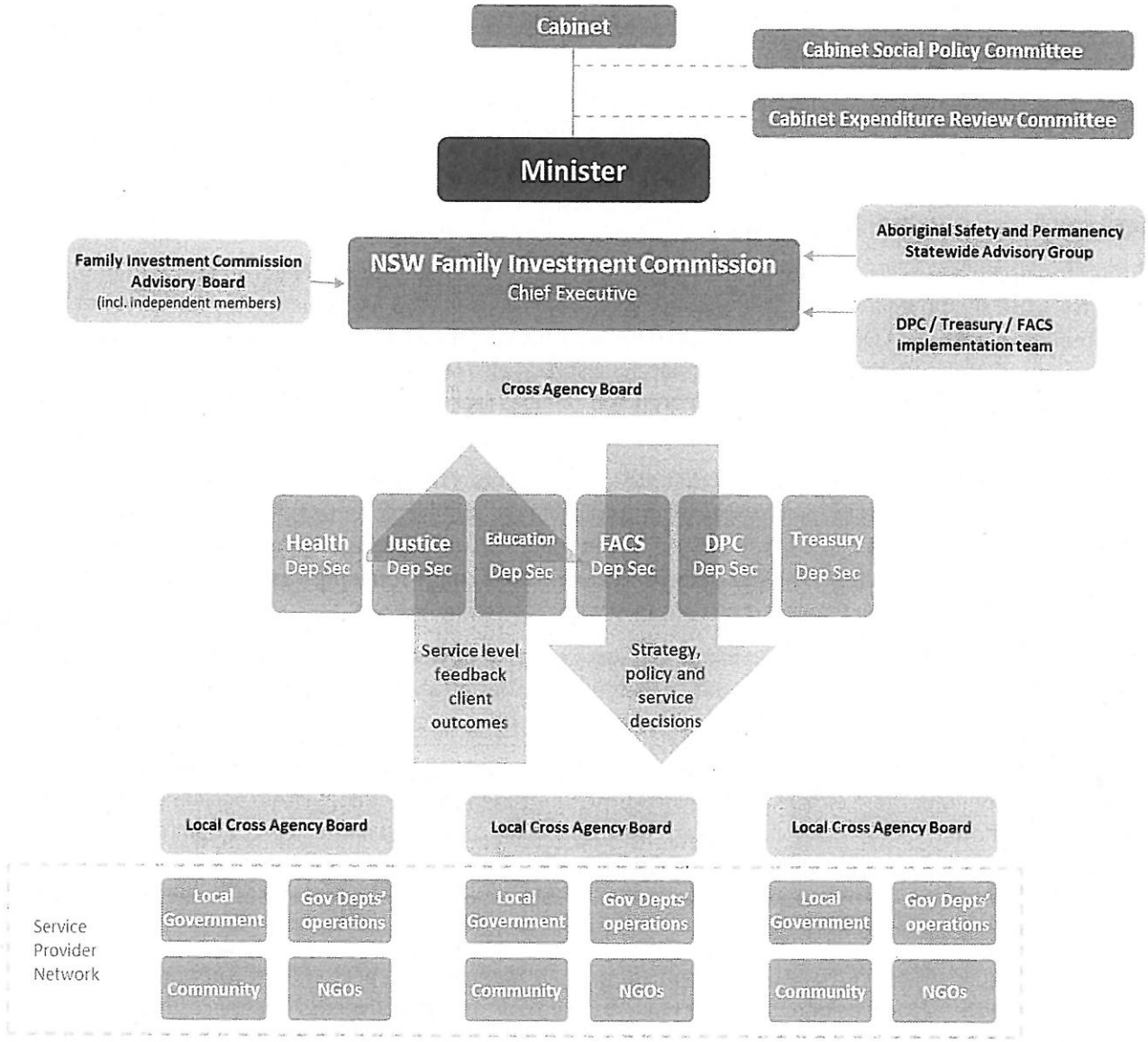


Figure 10 Operating and governance arrangements of the NSW Family Investment Commission

Relationship to other NSW Government agencies

The Commission would operate alongside existing NSW Government human services agencies and government and non-government service providers. It would procure the services included in the personalised support packages. In the initial phases of implementation, this would include purchasing specialist or additional health services, and aligning supports with schools to ensure access to universal educational services. If services are not available from existing government agencies, the Commission would approach non-government service providers.

Over time, it is envisaged that a competitive market would evolve to deliver high quality, evidence based, and efficient services. This would complement the proposed transition of FACS from service provider to strategic commissioner. NSW Government agencies would remain responsible for:

- improving outcomes for vulnerable children and families at the universal level;
- quality and outcomes of the services procured from them; and

- indicators in the outcomes framework for vulnerable children and families, to be developed by the Commission.

These responsibilities would be reflected in commissioning contracts and service agreements with the service delivery partners.

Impact on current funding arrangements

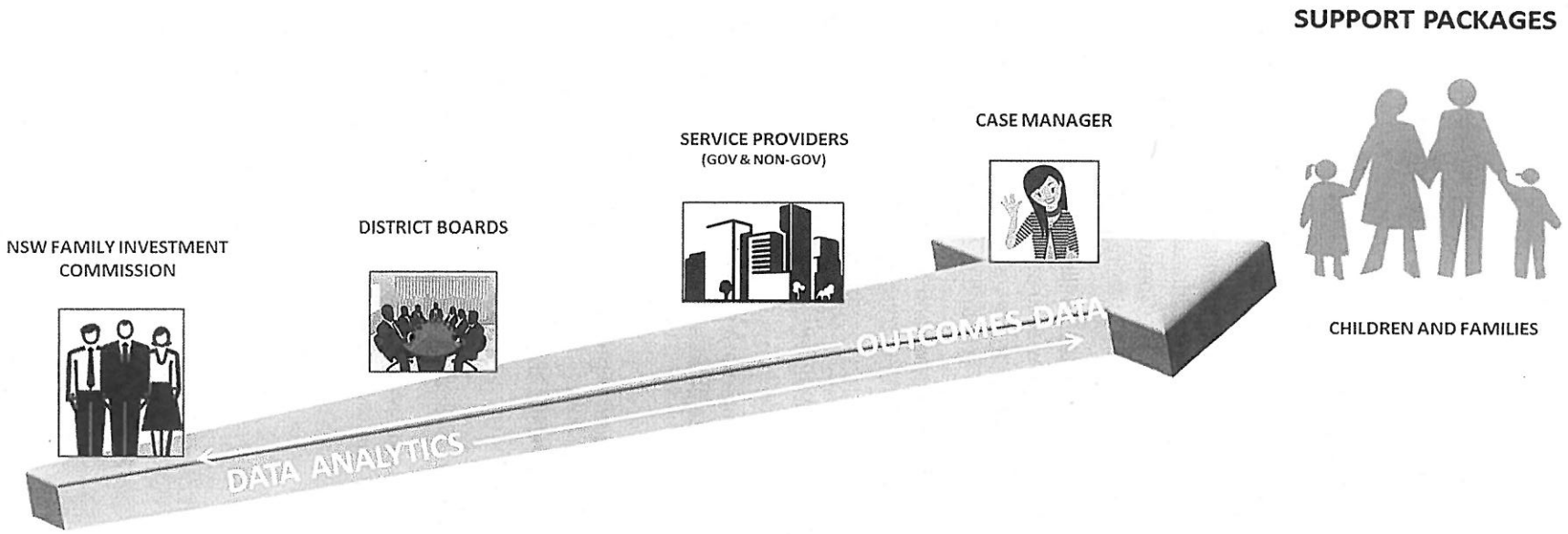
Within the first three years, expenditure on children in OOHC and families with children at risk of imminent entry to OOHC should be allocated to the Commission. This includes the FACS child protection budget of $450 million, the existing OOHC budget of $960 million (and additional budget increments for growth and reform in the 2016-17 Budget process). Ultimately, it should also include the existing funding to human services agencies targeted to vulnerable children and families (approximately $450 million per annum) but excluding universal service funding.

In the first instance, the Review proposes that these contributions from agencies be based on real and actual costs identified by examining system wide service usage, pathways and whole of system liability. In addition, the Review recommends that the Keep Them Safe funding be extended for 3 years to 2020-21 (as detailed in section 7.1), but that the allocation and prioritisation of this funding be directed by the investment approach and within the remit of the Commission from 2017-18.

It is not anticipated that Keep Them Safe funding would be reallocated from agencies within the first three years of the Commission. However, the data development, the setting of priority cohorts and the requirement for evidence based services may influence the services commissioned from within agencies.

The Review recommends that, within five years, the Government's total expenditure on targeted interventions for vulnerable families and children, including identified funding within social housing, mental health, domestic and family violence, drug and alcohol services, targeted early intervention (FACS), justice, skills development and education, should be appropriated to the Commission and allocated using the investment approach to form the basis of personalised support packages for vulnerable children or parental support (excluding universal services).

The Commission would transition these commissioning arrangements to personalised support packages as part of a phased approach, as data on client need and the cost and effectiveness of services improves. The key reform directions proposed and their operation in the future system are illustrated below in Figure 11.



PRIORITISE & DESIGN

- Analyses data
- Identifies priority population groups
- Prioritises resources across population groups and districts
- Directs investment decisions
- Leads the transition to personalised packages
- Sets and monitors outcomes
- Disseminates evidence

DESIGN & COMMISSION

- Commission services in accordance with the Investment Commission priorities and to achieve outcomes
- Leverage local investment and resources to achieve outcomes
- Advise Commission on district priorities

LOCAL SERVICE DELIVERY

- Deliver services under outcomes based contracts
- Measure fidelity to the evidence base
- Receive payment for outcomes
- Innovate to improve outcomes

COORDINATE & CASE MANAGE

- Applies the common risk and need assessment in collaboration with family
- Identifies level of intervention needed
- Makes data driven decisions
- Works with family to develop a plan for personalised packages based on need
- Brokers delivery of local interventions
- Monitors individual outcomes

Figure 11 Key components of the future system

7 Other review terms of reference

7.1 Keep Them Safe reforms

In November 2015, the Cabinet Expenditure Review Committee requested that the Review assess:

- the direction, alignment and effectiveness of the Keep Them Safe reforms in the context of this Review; and
- the ongoing allocation of the $102 million per annum to ensure consistent effort and outcomes for children in OOHC and families where children are at imminent risk of entering care.

The Review recommends that the $102 million per annum Keep Them Safe funding, should be extended for three years. This will maintain service continuity and allow these programs to be evaluated against an evidence base. This timeframe would also allow for the establishment of the Commission. During this period, the Keep Them Safe funding should be disaggregated and transitioned as follows:

- Funding directed to the intake, assessment and referral system ($35 million[22]) be subject to a redesign of the system, to be undertaken by DPC, Treasury, FACS, Education, Justice and Health. There should be a progress report back to the Cabinet Expenditure Review Committee in February 2017. The current Child Protection Helpline function should be included in this design activity.
- FACS Keep Them Safe funding for direct service provision and governance should be immediately transitioned to the Commission – as it directly supports the OOHC cohort and the children at imminent risk of entering care ($42.6 million).
- From the 2017-18 extension date, the full amount of Keep Them Safe funding be within the scope of the Commission.
- In the next three years, programs should be assessed against the service continuum to ensure they are aligned to the new continuum of services for vulnerable children and families.

As mentioned above, within five years, the NSW Government's total expenditure on targeted interventions for vulnerable families and children, including funding for targeted early intervention, should be within the scope of the NSW Family Investment Commission and allocated using the investment approach.

Immediate actions to align Keep Them Safe investment to the evidence based service continuum

The Review has completed a preliminary analysis of programs against the service continuum and has identified three immediate actions to better align Keep Them Safe investment to the service continuum. These immediate actions are summarised in the table below.

[22] This includes total program funding for the Family Referral Services (FACS $1.6 million per annum and Health $17.2 million per annum); Home School Liaison Officers and Aboriginal School Liaison officers (Education $2.3 million per annum), OOHC Coordinators (Education $1.5 million) and Child Wellbeing Units in Health, Education and Police ($13.2 million per annum).

Program	Recommendation
Brighter Futures	Align current investment in the Brighter Futures program to the evidence base by equipping service providers with the capacity to deliver models such as SafeCare and Safe and Together. This will ensure the level of intensity is appropriate to the needs and risks of the target group, and targeting of the drivers of demand such as domestic and family violence and intergenerational abuse.
Intensive Family Preservation and Restoration Services	Investment in these services should be transferred to the Family Investment Commission, along with the new investment allocated in the 2016-17 Budget. FACS, and then the Commission, should contract new Intensive Family Preservation and Restoration Services with the assistance of industry intermediaries to secure fidelity to the evidence base. The new services will be delivered via a suite of models with strong evidence of success in other jurisdictions. Existing investment in intensive family preservation services (Intensive Family Based Services and Intensive Family Programs) should be transitioned to provide the suite of models.
Whole Family Teams	Establish trauma informed care model providing clinical and therapeutic services (under clinical governance) that recognises the intersections of the drivers of risk for vulnerable children, young people and their families. The model should combine resources within the current Whole Family Teams and Child Protection Counselling Service to: ▪ better address the needs of the whole family, particularly the child; and ▪ provide clinical interventions for trauma, drug and alcohol, mental illness and domestic violence, including offender behaviour change. This will need to be supported with a significant service redesign process and development of new models of care as inclusion of interventions related to DFV and offender behaviour change are not within the current role or focus of the Whole Family Teams.

7.2 Redesign the intake, assessment and referral system

There is increasing pressure on the child protection system

Key parts of the intake, assessment and referral system are funded through Keep Them Safe, such as the Child Wellbeing Units (CWUs) within Education, Police and Health, and the Family Referral Service. The Child Protection Helpline is operated and funded separately by FACS.

The current volume of unmet demand is significant, and the current system is ineffective at adequately triaging and responding to families at various levels of need. Reports are often misdirected by reporters in the first instance, which leads to duplicated triage and assessment, and this leads to inefficient or failed responses. There is also an opportunity to strengthen the accuracy of safety and risk assessments at the first assessment.

In the 2014-15 financial year, a total of 268,051 reports were made to the Child Protection Helpline. Of those reports, 47% (126,146) were assessed as ROSH. As reports to the Helpline continue to increase, the system is unable to respond to the current demand for child protection services. Only 28% (20,603) of ROSH reports receive a face to face assessment, although this proportion is increasing slowly. The remaining 72% are closed with no further action, including reports for which the level of risk was assessed as high or very high. This is largely due to resourcing constraints within Community Service Centres.

The lack of system capacity, and in some cases the effectiveness of response provided, results in re-reporting. Of all ROSH reports, one-third are re-reported within 12 months of the initial report. It is clear that, in a system of overwhelming demand and limited capacity, vulnerable children and families do not receive the response they need. Children and young people enter OOHC without their families having received the range of services or supports over time that may have prevented their entry into OOHC.

In addition, a significant proportion of non-ROSH reports (52.9% of all reports to the Helpline in 2014-15) would benefit from a response elsewhere in the system. However, the majority are screened out and receive no response (approximately 79,187 reports in 2014-15)[23] Mandatory reporters account for approximately 74% of non-ROSH reports to the Helpline, despite the availability of CWUs to assist in making appropriate referrals. 50% of Health reports, 41% of Education reports and 43% of Police reports to the Helpline were reports classified as non-ROSH in 2014-15.

This volume of non-ROSH reports received at the Helpline indicates that some reporters are more likely to report children perceived to be at risk to the Helpline rather than provide a response or consider alternative referrals.

Previous reforms indicate there is scope to improve triaging and targeting responses

Despite these system problems, evidence suggests that the increase in the child protection reporting threshold in 2010 from risk of harm to risk of significant harm (ROSH) has improved triaging within the system. The new threshold led to a decline in the total volume of reports, nearly all of which was attributable to children who do not transition to OOHC. There is also evidence of a stabilisation in the level of entries to care after this point, and an increase in the proportion of children at ROSH receiving a face to face assessment with a caseworker.

These findings demonstrate that a closer examination of reporting issues, system flow and care pathways over time would improve risk profiling to better inform responses and triaging. The development of predictive analytical capability has clear application to support more effective early intervention to underpin better outcomes for children at risk.

The Review recommends therefore that a complete service redesign be undertaken to ensure that vulnerable families are identified and supported before their issues escalate to the point that children are at significant risk of harm. The review of the intake and referral system should be consistent with the work being undertaken for the Premier's Priority to reduce ROSH re-reports.

Better understand vulnerable children and families to better target responses

It is currently difficult to map the flow of vulnerable children and families through the statutory and non-statutory systems and target responses appropriately. The intake, assessment and referral systems operate via two separate databases which only link certain information about clients and their contacts with the system; it does not present a complete picture.

The Review recommends that FACS commission independent analysis and demand modelling of the current child protection and child wellbeing intake, assessment and referral systems (including the Helpline, Child Wellbeing Units and the Family Referral Service) to inform a redesign process.

The redesign should involve linking the data that will be made available under the cross-government dataset along with additional data from Child Wellbeing Units and Family Referral Services.

The system redesign would be guided by the following objectives:

[23] Non-ROSH reports which relate to an open ROSH case are referred to the relevant Community Services Centre.

- reduce inefficiencies and duplication in the intake and assessment process, including the incidence of duplicated assessments;
- establish an intake system that is easier for mandatory reporters to navigate;
- better identify clients most at risk;
- effectively triage clients to ensure they receive effective early responses, including:
    - clients at ROSH that currently are not receiving a response; and
    - clients below the ROSH threshold that currently receive no response after being screened out at the Helpline.

A system redesign that achieves these objectives will facilitate early help to prevent the escalation of risk and the incidence of re-reports, divert children and families from the child protection system and avoid future entry into OOHC.

FACS should also work with Health, Education and Police to reconsider the data and information received and shared by both the statutory and non-statutory service systems. Agencies should establish data linkages at each tier of the intake, assessment and referral system, to enable better understanding of client needs and pathways and better targeted service responses, and to inform and support operational practice and better decision making.

Build the capacity of mandatory reporters to respond to vulnerable families

Mandatory reporters consider their role is to report. As a result, mandatory reporters are more inclined to report children perceived to be at risk to the Helpline rather than considering alternatives such as referring to a CWU, the FRS or another agency or support service, or indeed providing support to the child or family themselves.[24]

The roles and responsibilities of mandatory reporters in Health, Education and Police in relation to child wellbeing are set out in legislation, policy and the *Child Wellbeing and Child Protection - NSW Interagency Guidelines.* However, these responsibilities tend to be framed in the context of child protection interventions and complying with various reporting responsibilities. Given the majority of contacts to the system do not meet the statutory threshold of risk, the focus of guidance, policy and procedures should be on supporting and responding to child wellbeing more broadly.

FACS should work with Health, Education, Police and other government and non-government agencies to revise interagency guidelines on child protection and child wellbeing to develop a common understanding of the responsibilities of its workforces. Agencies should also increase effort to build workforce capacity to manage risk, and enhance the non-statutory pathways for mandatory reporters to respond to child wellbeing concerns. This would address a significant barrier to the effective triage of child protection concerns in the intake and assessment system. It would also enable the better targeting of responses for children and families below the statutory threshold, some of whom currently receive no intervention or service.

Introduce common risk and need identification

Families who escalate through the service continuum require a needs and risk assessment that evolves with the family, rather than a continual assessment process that start from scratch with each intervention. The assessment process may commence in universal services but needs consistent application and evolution by services across the continuum. Currently, multiple risk assessments are conducted across the child

[24] Cassells, R., Cortis, N., Duncan, A., Eastman, C., Gao, G., Giuntoli, G., Katz, I., Keegan, M., Macvean, M., Mavisakalyan, A., Shlonsky, A., Skattebol,, J., Smyth, C. & Valentine, K. (2014) *Keep Them Safe Outcomes Evaluation Final Report*, NSW Department of Premier and Cabinet, Sydney, p. 51.

protection and child wellbeing system. These assessments do not use the same information or assessment methodology. The lack of alignment between outputs results in different perceptions of risk and need, and frustration on the part of families and mandatory reporters.

Over time this risk and need identification process can be further refined based on the new actuarial information and data analytics generated by the Commission to better predict risk and vulnerability and promote early intervention.

The development of this assessment would align with the intake, assessment and referral system redesign.

7.3 Review the care allowance

As part of the Review, the Cabinet Expenditure Review Committee requested a review of the care allowance. Given the significant proportion of the OOHC budget allocated to the care allowance, there is potential for savings to be made to reduce the overall OOHC budget. A comprehensive review of the care allowance and its alignment with a child's level of need is underway as part of the OOHC recontracting process. Specific recommendations are discussed below, and further detail is provided in Appendix 4.

Supported care

NSW is the only jurisdiction in Australia that provides an allowance for supported care arrangements. This includes supported care with an order (made by the NSW Children's Court or the Family Court of Australia)[25] or supported care without any court orders for instances in which FACS has determined that a child or young person is in need of care and protection.

Current policy states that children in supported care without an order should have their placement reviewed every two years with a view to finding a more permanent care option. However, many children are placed in supported care for longer periods of time. This has been the case since 2006 when carers of children in supported care were granted the same level of financial support as carers of children in statutory OOHC. Prior to this, supported carers received very little financial support. The change in policy corresponded with a 55% increase in supported relative and kinship care placements between 2006 and 2007.

The Review recommends that supported care without an order cease as a placement option. If the NSW Government implements the two year cap on the current 1,300 children in supported care without an order, effective from 1 July 2016, this would result in approximately $20 million of funding being freed up in the FACS budget by 2019. This funding would then be reinvested in evidence based early intervention. This financial benefit may be less if children within these placements are assessed as needing statutory OOHC or the permanency of a guardianship order.

Carers of children in supported care with an order from the NSW Children's Court should continue to receive financial assistance. However, the relationship between Family Court of Australia orders and the need or requirement to receive a care allowance needs to be reviewed further.

Carers of children in supported care and guardianship care are eligible to receive a number of other support payments from the Commonwealth Government, for example family tax benefits and the child care rebate. The purpose of these payments is to assist families with the cost of raising a child. However, the extent to which carers are accessing Commonwealth Government family support payments is not known. FACS should work with the Commonwealth Government to ascertain take up of these payments as part of its review of the NSW allowances for supported care placements with an order, and guardianship placements.

[25] *Children and Young Persons (Care and Protection) Act 1998* (NSW), s 153(4).

8 Implementation

A detailed implementation plan will be prepared following NSW Government consideration of the Review. Key implementation milestones for these reforms, as recommended by the Review, are illustrated below.

Reform direction	Phase 1 *0-1 years*	Phase 2 *1-3 years*	Phase 3 *3-5 years*
Short term reform measures	▪ Commence evidence based family preservation and restoration services ▪ Commence trauma treatment service for children in OOHC ▪ Commence Aboriginal peer-support model to sustain restorations	▪ Trial local Aboriginal child protection innovation and co-design projects ▪ Evaluation reviewing new evidence based models ▪ Statutory child protection programs aligned to evidence based models.	▪ Align current investment in vulnerable families to evidence based functions in Service Continuum ▪ Report evaluation results of family preservation and restoration services
Investment approach	**Cohort: OOHC children and families** ▪ Definitive advice on data privacy & security ▪ Cross agency data linkage ▪ Whole of government outcomes framework ▪ Governance: o Mandate for investment approach o Investment Board setup o Partnership team setup	**Cohort: OOHC children and families + child protection** ▪ Implement first round of policy reforms based on Phase 1 analysis ▪ Implement second round of policy reforms based on second round cohort analysis ▪ Launch new commissioning model	**Cohort: OOHC children and families + child protection + vulnerable children and families** ▪ Client centred funding ▪ Round 3 and 4 policy reforms
Data and analysis	▪ Map whole government service usage	▪ Launch quarterly reporting and analysis cycle	▪ Launch quarterly reporting and analysis cycle

	▪ Quantify system liability/cost ▪ Define client pathways ▪ Devise target cohorts for new policy interventions	▪ First year evaluation results ▪ Second phase of cohort analysis and improvements	▪ Ongoing evaluation ▪ Third and fourth phase of cohort analysis and targeting
Evidence based service delivery	▪ First stage alignment of programs to the service continuum ▪ Complete gap analysis ▪ Establish the centre for what works ▪ Review intake and referral pathways ▪ Commence case reviews for potential successful restorations	▪ Second stage alignment of programs to the evidence base ▪ Market development ▪ Continue to assess the effectiveness of interventions ▪ Reform intake and referral pathways to better respond to client needs at the earliest opportunity	▪ Flexible service interventions aligned to the evidence base
Individualised packages	▪ Demand modelling and analysis	▪ Cost packages ▪ Market development ▪ Transition to commissioning for outcomes	▪ Transition funding to individualised packages for cohorts of children in OOHC ▪ Market development

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Appendix 1

Trends in out of home care population growth and expenditure

1. The out of home care population is increasing

The out of home care population is increasing

The number of children and young people in out of home care in NSW has doubled over 10 years.

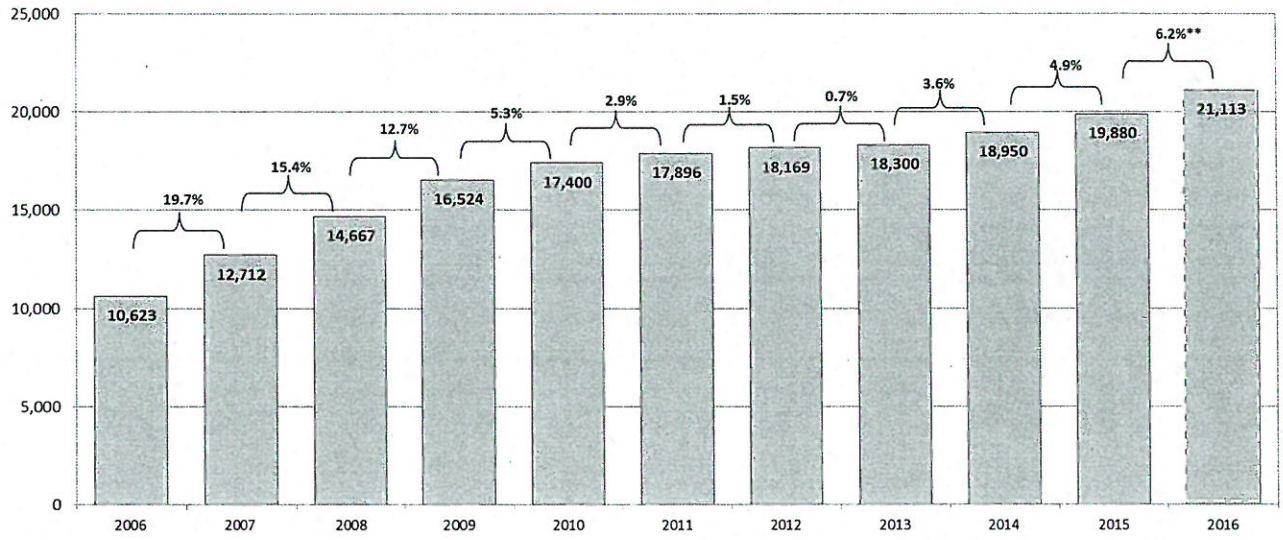

Figure 12 Number of children and young people in OOHC in NSW (2006-2016)

OOHC growth is greater than population growth

The rate of growth in out of home care is increasing at a faster rate than the broader population of children and young people in NSW.

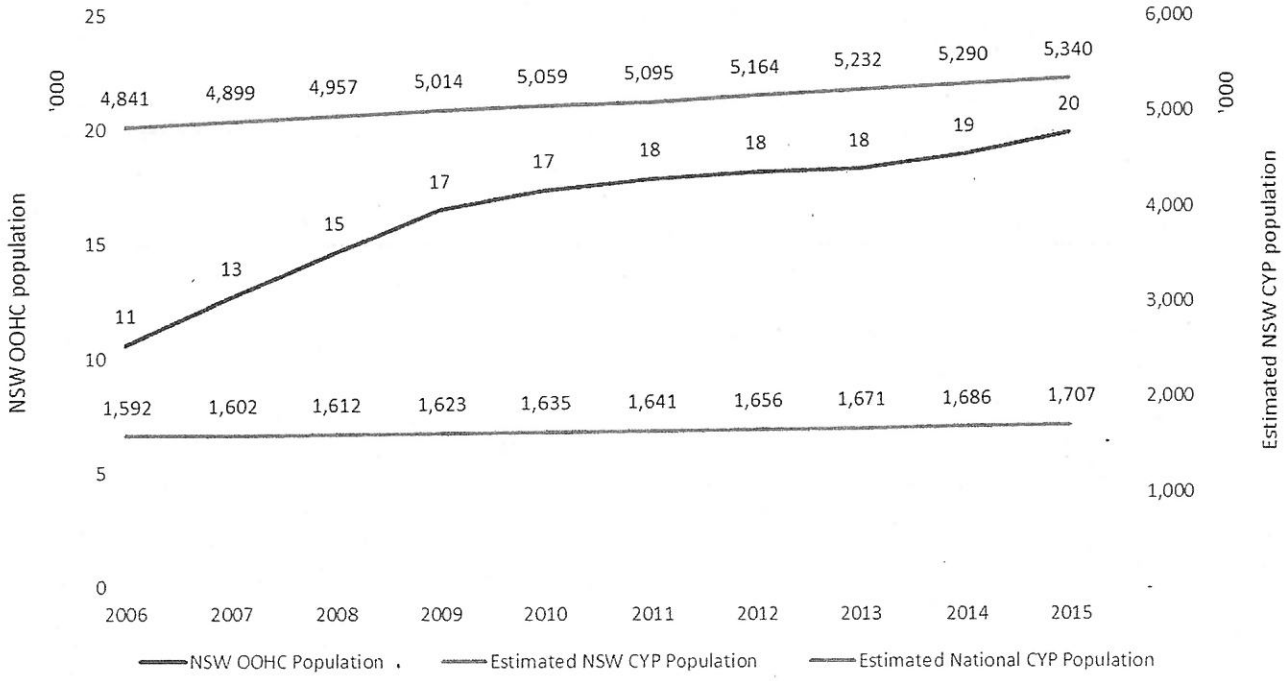

Figure 13 OOHC population compared to the national and NSW children and young person population years 2006 - 2015

The rate of out of home care is higher than most other States and Territories

Historically, NSW has had a higher rate of out of home care than most States and Territories. Over the ten year period to 2014-15, the total real growth of children and young people in out of home care in NSW was 70.5%. NSW had the third highest rate, behind the Northern Territory (188.9%) and Western Australia (100.9%).

Rates of children in out of home care per 1,000 children in the underlying population are also higher in NSW. In 2014-15, 9.9 children per 1,000 children were in OOHC in NSW. The NSW rate was second only to the Northern Territory, which had a total number of children in out of home care equivalent to 10.2 children per 1,000 children. It is important to note that, while a comparable number cannot be obtained for other jurisdictions, taking into consideration the number of children who have moved to guardianship orders who still receive financial support from the NSW Government increases the NSW rate to 11.4 children.

Aboriginal overrepresentation is increasing

7% of all Aboriginal children are in out of home care compared to 1% of all children and young people.

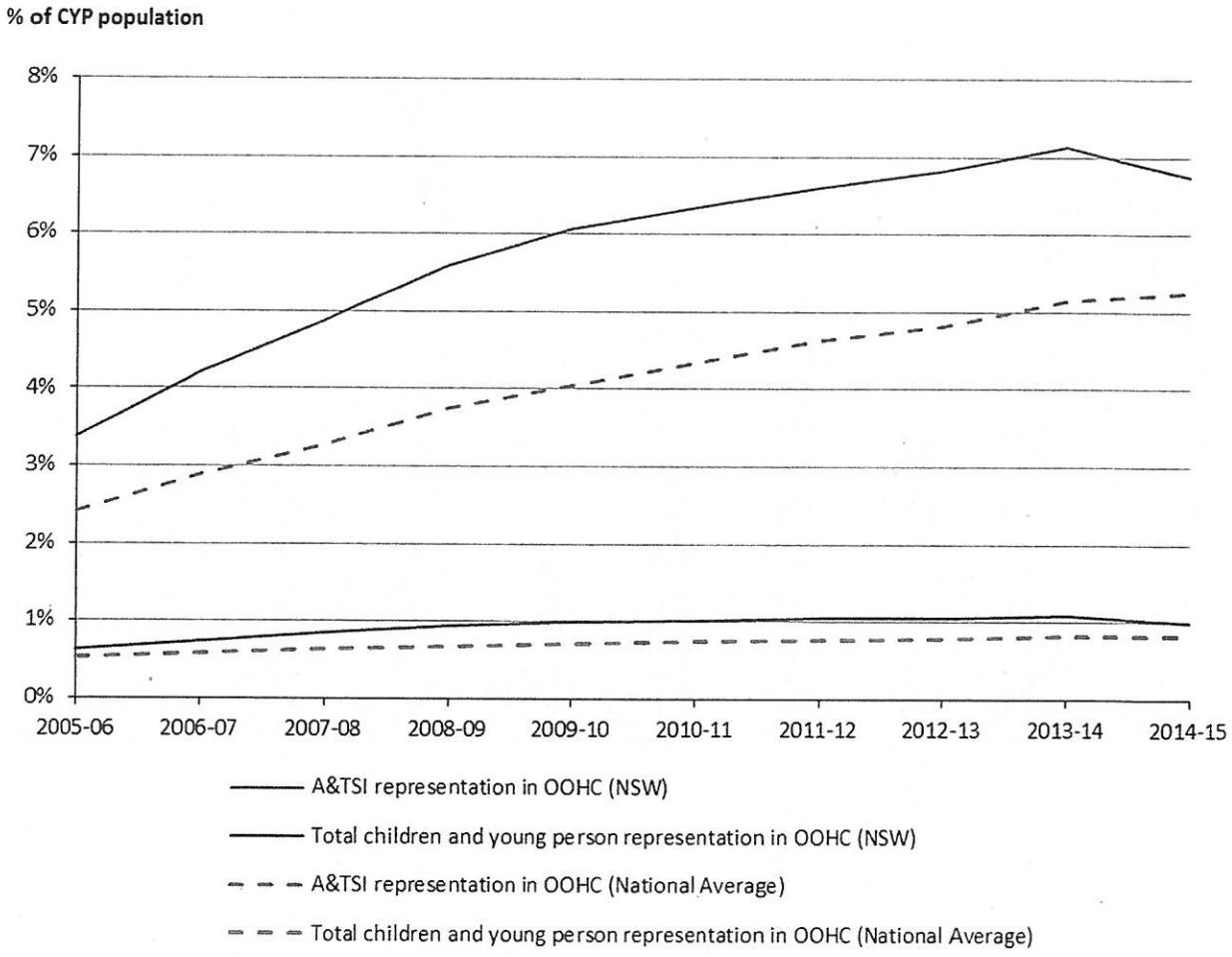

Figure 14 Representation of Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander OOHC children as a proportion of the underlying A&TSI and non-A&TSI children and young person population (NSW and national average

Aboriginal overrepresentation is higher than average

The rate of Aboriginal children in out of home care is 10 times higher in NSW than non-Aboriginal children.

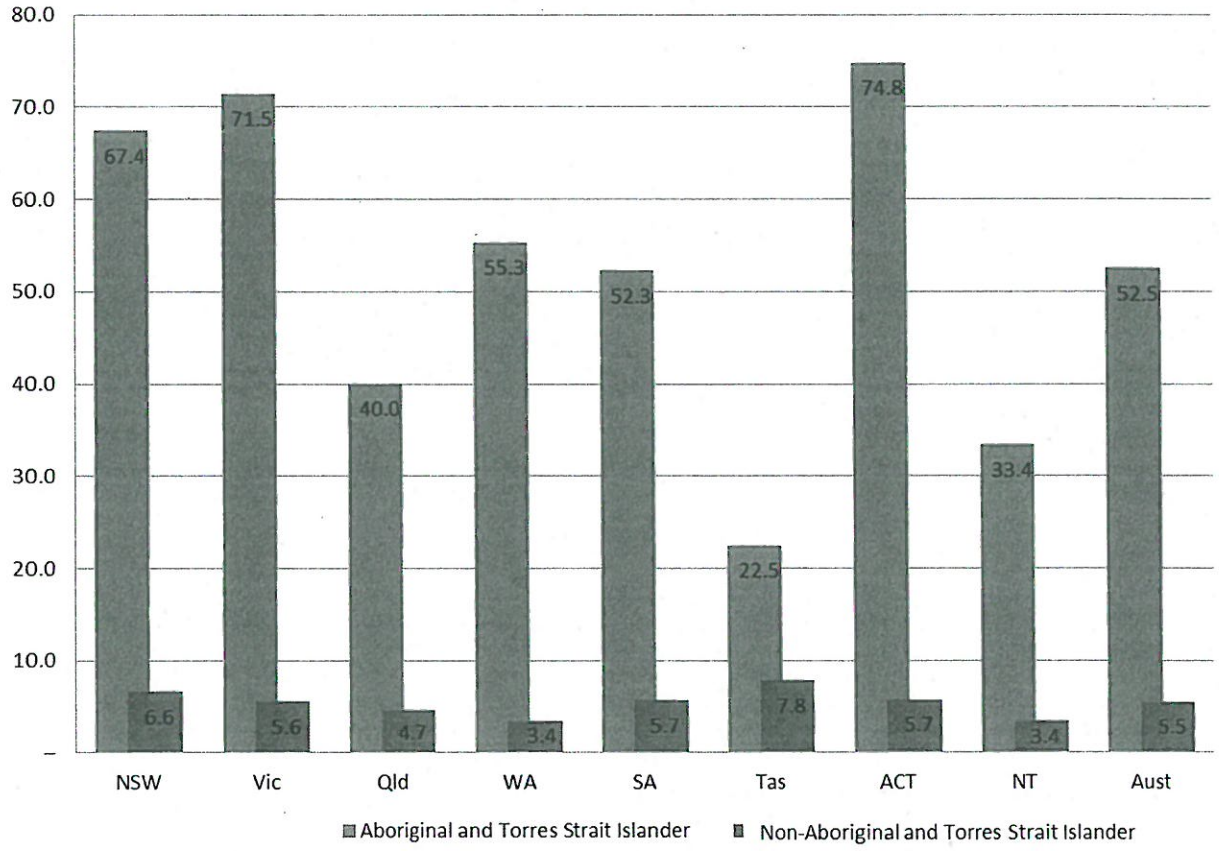

Figure 15 Children and young people in OOHC, by Aboriginality, number and rate per 1,000 children

Exits from out of home care are decreasing

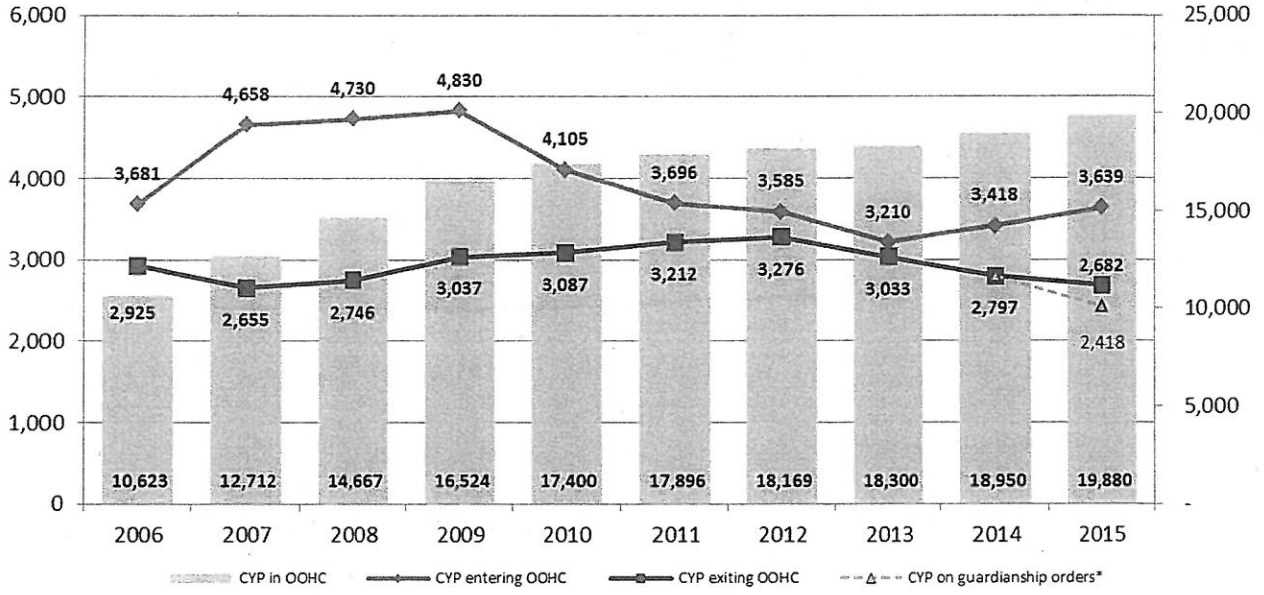

Figure 16 Number of children and young people entering and exiting OOHC, and transitioning to guardianship orders

Aboriginal children are less likely to exit out of home care

Exits for Aboriginal children have remained stagnant despite their increasing overrepresentation. The greatest reduction in exits has been amongst non-Aboriginal children.

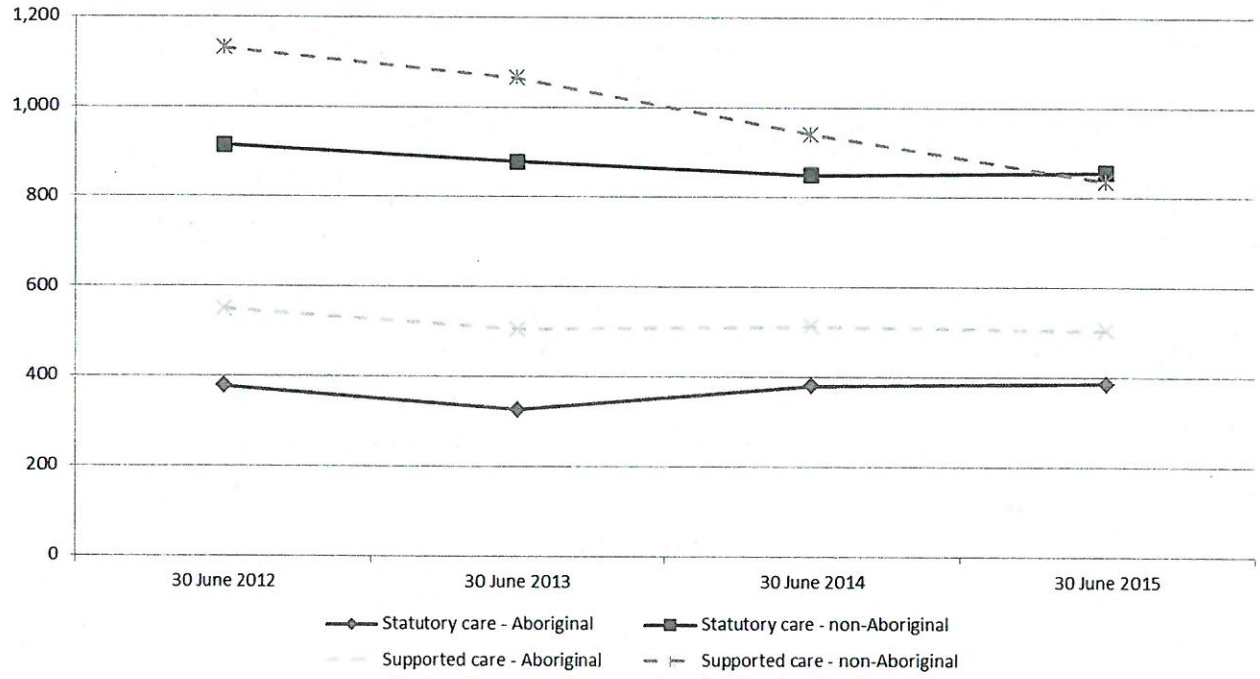

Figure 17 Exits from OOHC - Aboriginal and non-Aboriginal children and young people

Restorations to family are decreasing

A decrease in the rate of restorations from out of home care has resulted in an increase of 22% in the average length of stay, from 10.5 years as at 30 June 2010 to 12.6 years as at 1 July 2014.

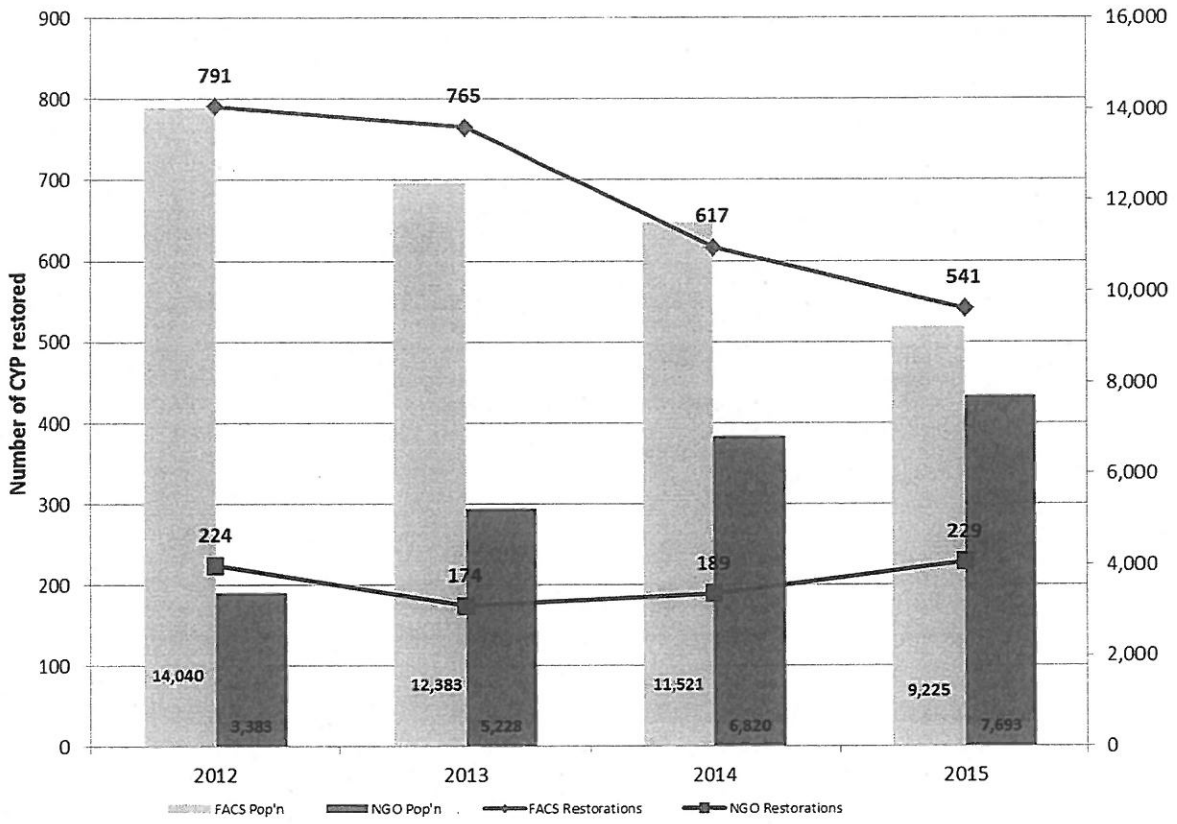

Figure 18 FACS and NGO OOHC population and restorations

Length of stay in out of home care is increasing

Decreasing exits, including family restorations, has resulted in longer length of stay. For children and young people in out of home care as at 30 June 2010, the average length of their current care period (at 30 June 2010) was 10.5 years at the end of the study (June 2015). For children and young people in out of home care as at June 2014, the average length of their current care period (as at 30 June 2014) was 12.6 years at the end of the study.

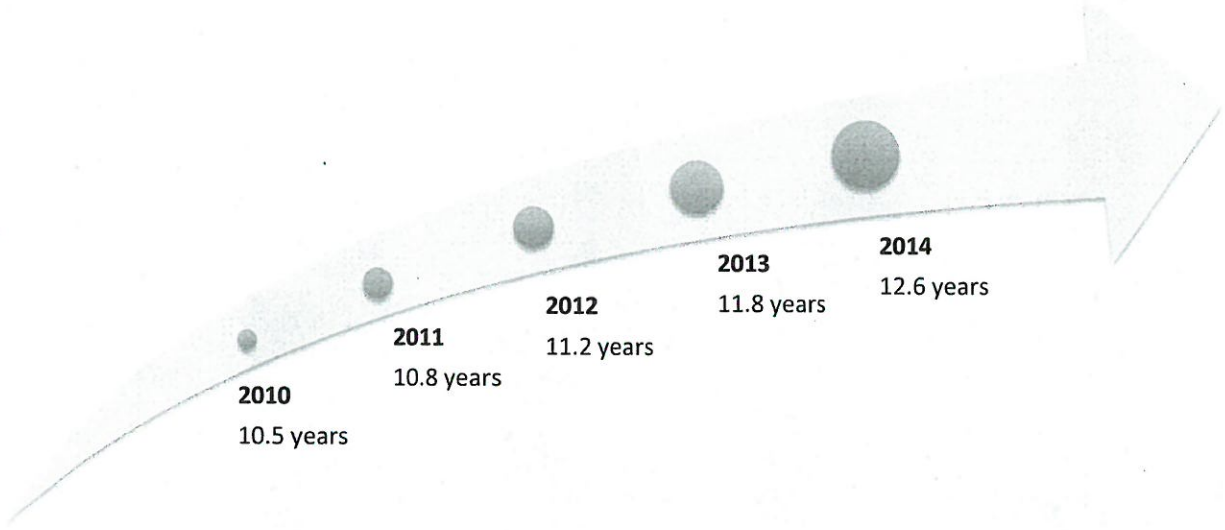

Figure 19 Average length of stay in OOHC 2010-2014

2. The cost of out of home care is increasing

The out of home care transition is increasing the direct cost

NGO OOHC service providers are funded at a higher cost than FACS to deliver out of home care services.

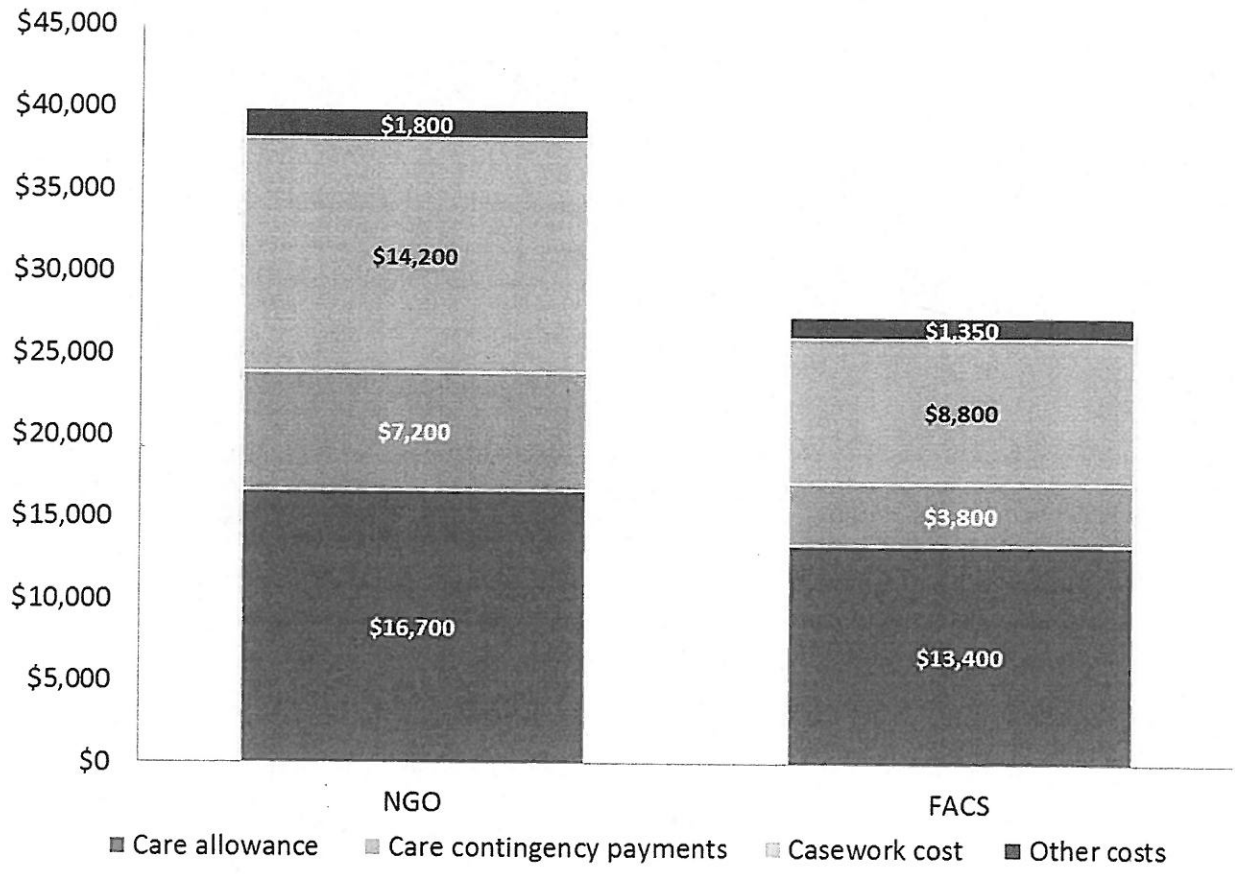

Figure 20 Average cost components of providing standard foster care, NGOs compared to FACS (2014-15)

The figure below shows the increasing absolute cost and average unit cost of out of home care as children and young people are transferred to NGOs.

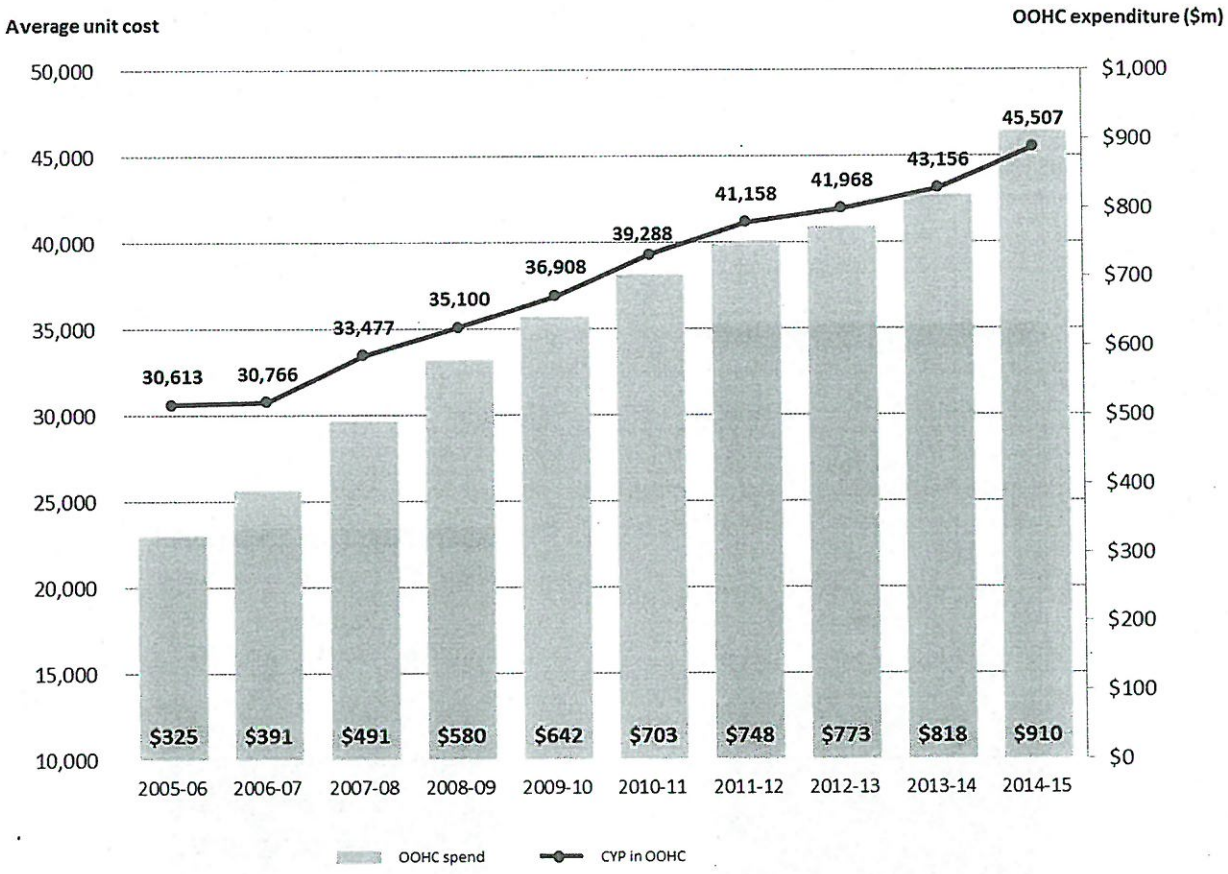

Figure 21 The total OOHC budget overlaid with a simple average annual OOHC cost per child

3. External drivers of demand are increasing

The rate of children in out of home care strongly correlates with socioeconomic disadvantage

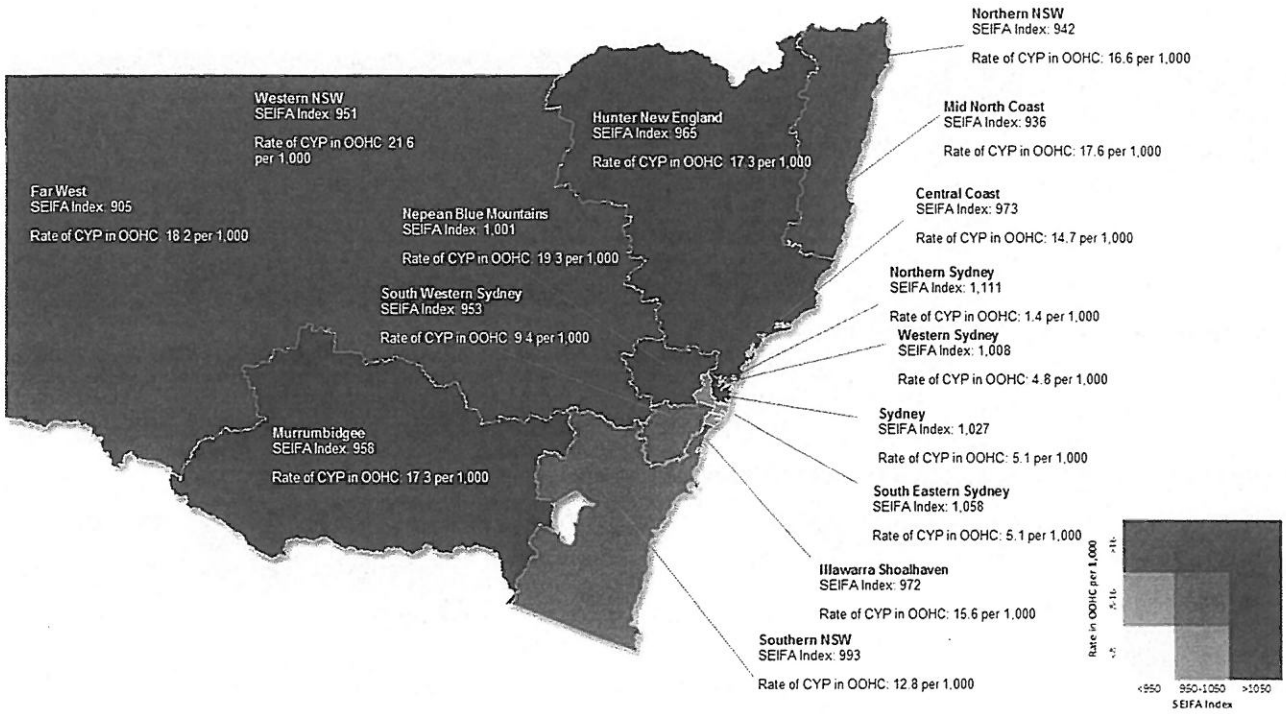

Figure 22 Rates of participation in OOHC across NSW

There are a range of social drivers of out of home care

Alcohol hospitalisations, mental health hospitalisations, apprehended domestic violence orders (ADVOs) and sexual assault involving a juvenile victim were the indicators with the most consistent association with rates of entry into out of home care.

Cohort	Health indicators					Justice indicators						
	Alcohol consumption	Alcohol hospitalisation	Hepatitis C notifications	Mental health hospitalisation	Psych Dist	ADVO	Advo–JV	Amph	DV	DV-JV	IA-JV	SA-JV
Analysis on number of entries												
Aboriginal	●	●	-	●	-	●	●	-	●	●	-	●
Non-Aboriginal	●	●	●	●	●	●	-	-	●	-	-	●
Analysis on population standardised rates of entry												
Aboriginal	-	●	-	●	●	●	-	●	●	-	-	-
Non-Aboriginal	●	●	-	-	●	●	-	-	-	●	●	●
Analysis on changes in population standardised rates of entry												
Aboriginal	-	-	-	-	-	●	●	-	-	●	●	●
Non-Aboriginal	-	-	-	●	●	-	●	-	-	●	●	●

Key ● Significant at 0.1% ● Significant at 1% ● Significant at 5% ● Significant at 10% - Not significant

JV = Juvenile victim **Psych Dist** = Reports of psychological distress **ADVO** = Apprehended Domestic Violence Orders

Amph = Amphetamine related offences **IA** = Indecent assault **DV** = Domestic violence

SA = Sexual assault

Figure 23 Key population indicators and their strength of relationship to OOHC participation

As shown below, in the top 4 reported issues for the 12 months to June 2014, carer drug and alcohol misuse increased by 18.5% and domestic and family violence increased by 16.8%.

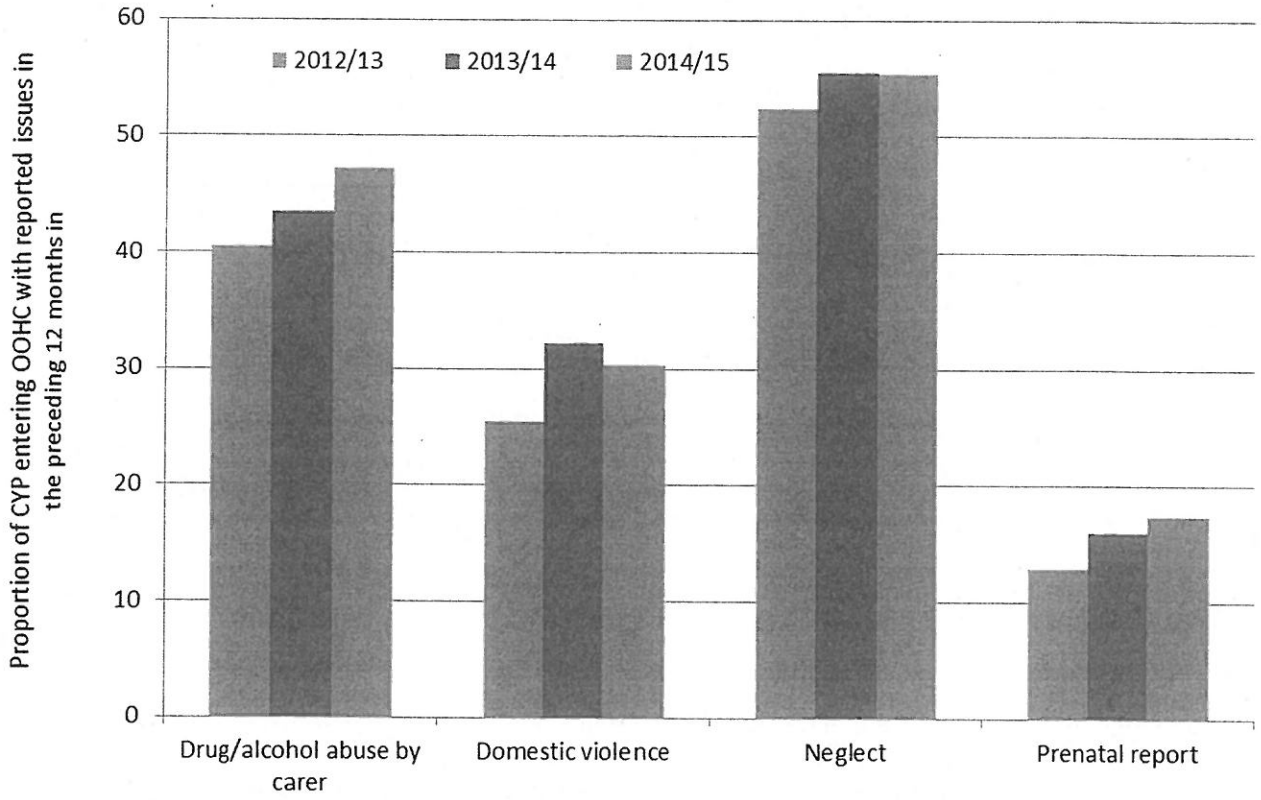

Figure 24 Top four ROSH reported issues 2012-13 to 2014-15

Risk of significant harm is increasing

Since 2011, there has been a 27.6% increase in the number of reports to the Child Protection Helpline reaching the risk of significant harm (ROSH) threshold.

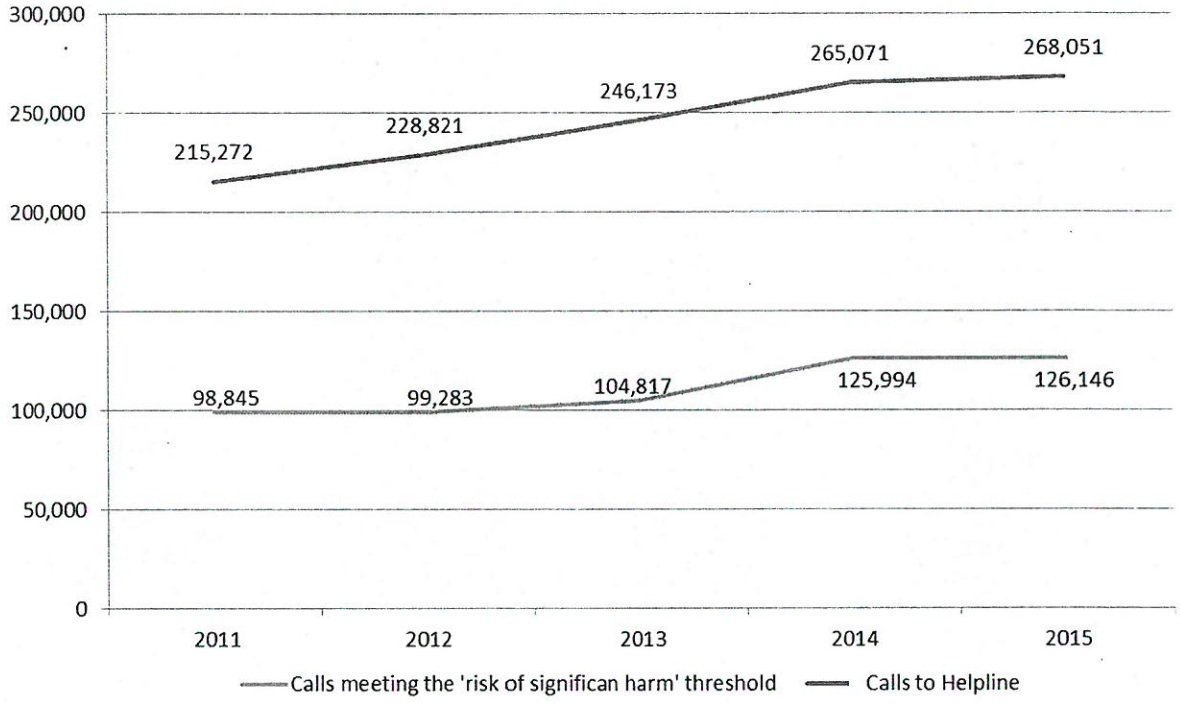

Figure 25 Total number of calls to the Child Protection Helpline and calls that meet the risk of significant harm (ROSH) threshold

4. Outcomes remain poor with significant cost

Children in care and care leavers continue to experience poor outcomes which result in significant long term costs to government

Actuarial analysis has found that, for service costs while in care:

- the average cost was 42% higher for Aboriginal cohorts, noting that Aboriginal children are the fastest growing cohort in NSW out of home care;
- the weighted average service usage across all cohorts examined was approximately $62,000; and
- the most expensive 10% of cohorts examined had a service usage cost of between $141,000 and $327,000.

Further, for the 20 year costs of providing service after children have left care:

- the average cost is $284,000;
- about 95% of the 20 year costs result from six service types:
- child protection (26%)
- ambulance (22%)

- time in custody (18%)
- court appearances (11%)
- hospital care (10%)
- public housing (8%)

The average cost to the NSW Government for male, Aboriginal children in out of home care, with court appearances prior to leaving care, is $1.2 million over 20 years.

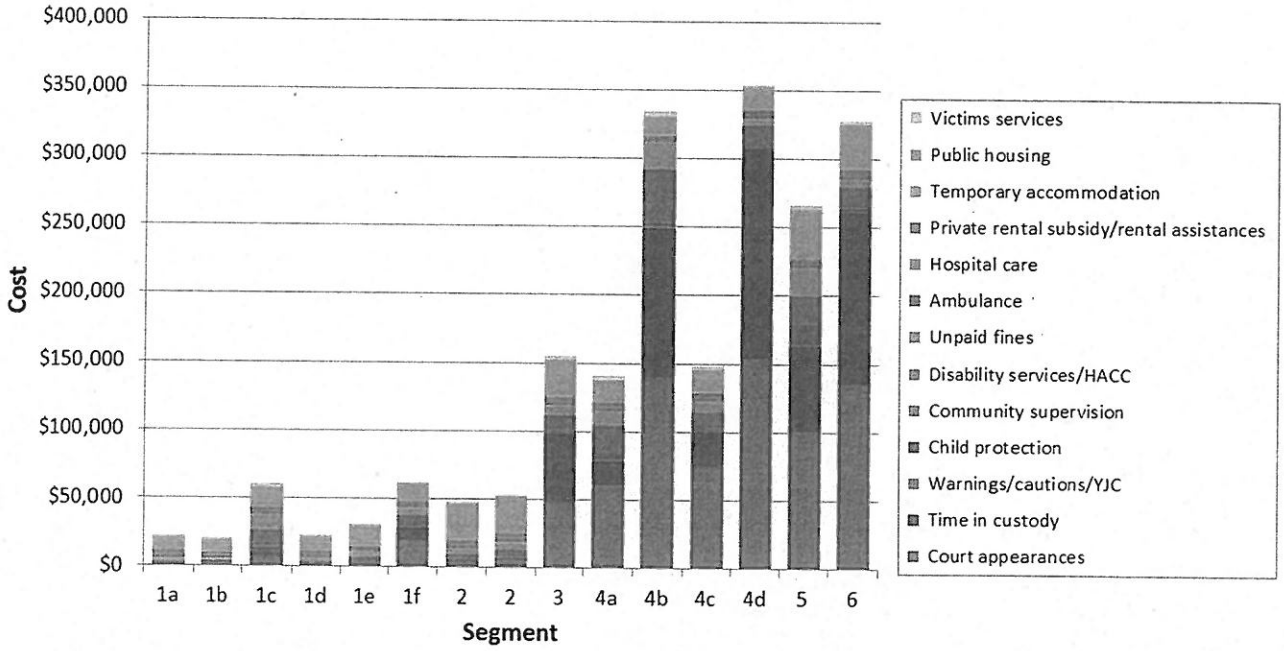

Figure 26 Service usage cost prior to exit by service type

Care leavers are more likely to have a child in out of home care

- 20% of females and 12% of males will have a child in out of home care at some time in the 20 years after exit.
- The long term costs to government of out of home care leavers would be much higher if the intergenerational transfer of abuse and neglect was taken into account over a 20-50 year timeframe.

Appendix 2

The investment approach

The operation of the investment approach

This Appendix seeks to provide more detail on the operation of the investment approach and the NSW Family Investment Commission. The key components are:

i. **Outcomes framework**

A single whole of government outcomes framework to reinforce shared accountability for outcomes across agencies and provide a single set of quantifiable measures of client success.

ii. **Vulnerable families dataset**

A single dataset to capture and analyse data across all relevant policy areas.

iii. **Data analysis function**

A central function to provide insight and reporting on system efficacy and areas of potential focus for resource allocation and service improvement.

iv. **Decision making and accountability structures**

The structures and mechanisms required to enable and monitor system change and implementation of new solutions.

v. **Reporting and reallocation cycle**

A cyclical monitoring and review environment to provide regular, coordinated monitoring and reporting to ensure that resource allocation follows an evidence base and is applied to the most effective solutions.

An initial implementation overview is included in this Appendix. Detailed implementation planning will take place once a final decision is made on the other recommendations in the Review. The decisions must hold sufficient impetus to compel both the level of cross-agency data sharing and the collaboration required for detailed implementation planning.

1. Outcomes framework

The purpose of the outcomes framework is to provide a single agreed view of desired client outcomes and a set of quantifiable indicators to measure system efficacy.

The framework would focus effort and investment for vulnerable children and families on delivering the agreed outcomes. A greater focus on outcomes would drive improvements to service delivery, improved outcomes for clients and greater efficiency. This relationship is outlined below.

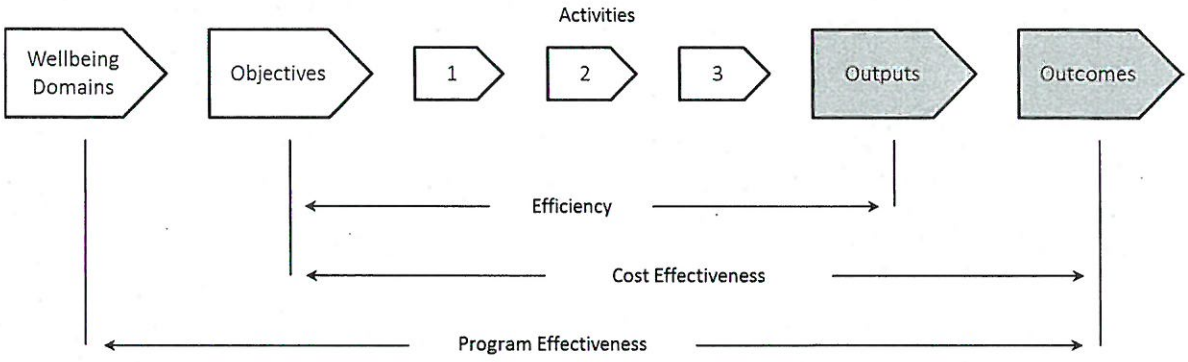

Figure 27 Relationship between wellbeing domains and client outcomes

High level wellbeing domains would be accompanied by measurable outcomes at the system, agency and client level.

Building the outcomes framework

In NSW, some progress has been made towards a single outcomes framework across human services policy areas. The Human Services Outcomes Framework articulates broad outcomes domains and specifies criteria under each domain.

This framework has been endorsed in principle by the NSW Government, and will continue to be refined. The Human Services Outcomes Framework is shown below. The investment approach would use the Framework as the primary structure under which it would build and refine system and agency level outcomes, baselines and measures.

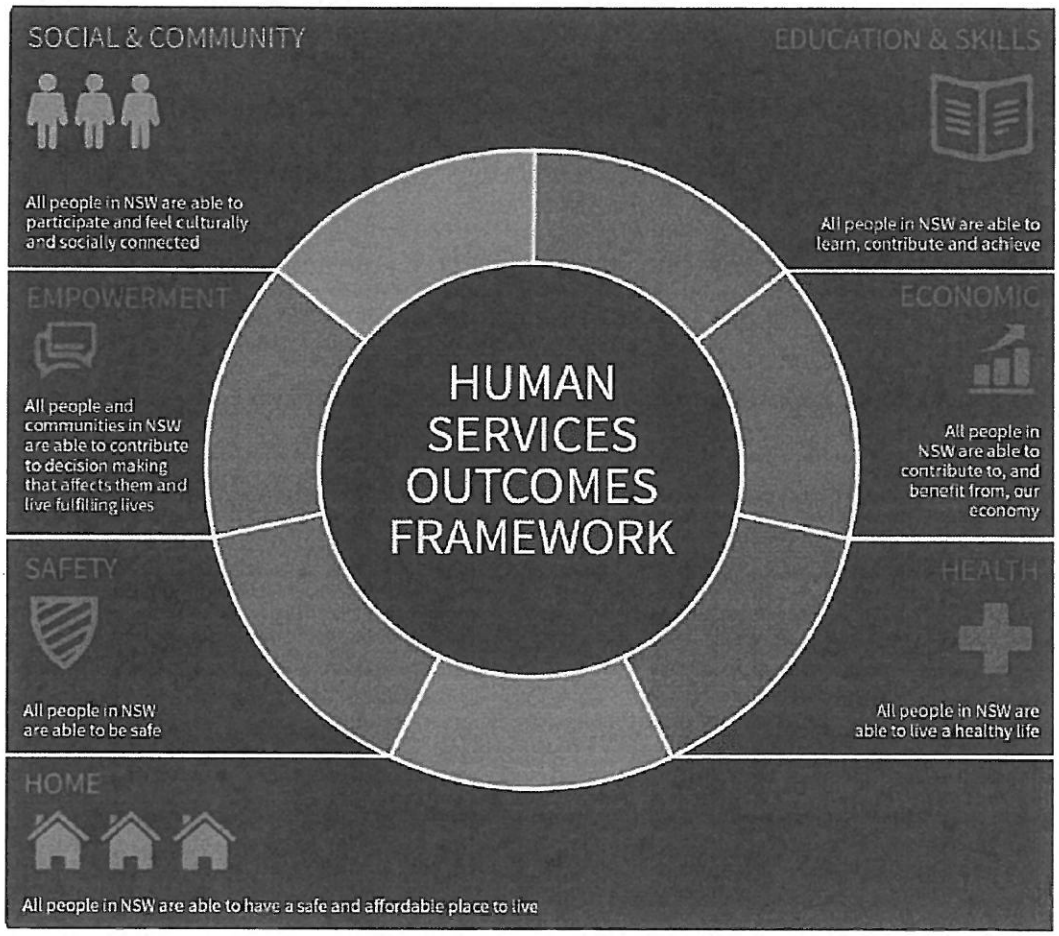

Figure 28 Human services outcomes framework; wellbeing domains

Structure of the outcomes framework

The outcomes framework would have three tiers:

- wellbeing domains;
- system level outcomes; and
- agency and client level outcomes.

Across the three tiers, the outcomes framework should:

- provide a single view of key priorities across all of government;
- provide a single view of key outcomes and priorities, superseding any agency level disparity; and
- clearly articulate the individual agency level contributions to overall client outcomes and provides a mechanism to ensure agency effort is aligned across the system.

The three tiers are outlined below.

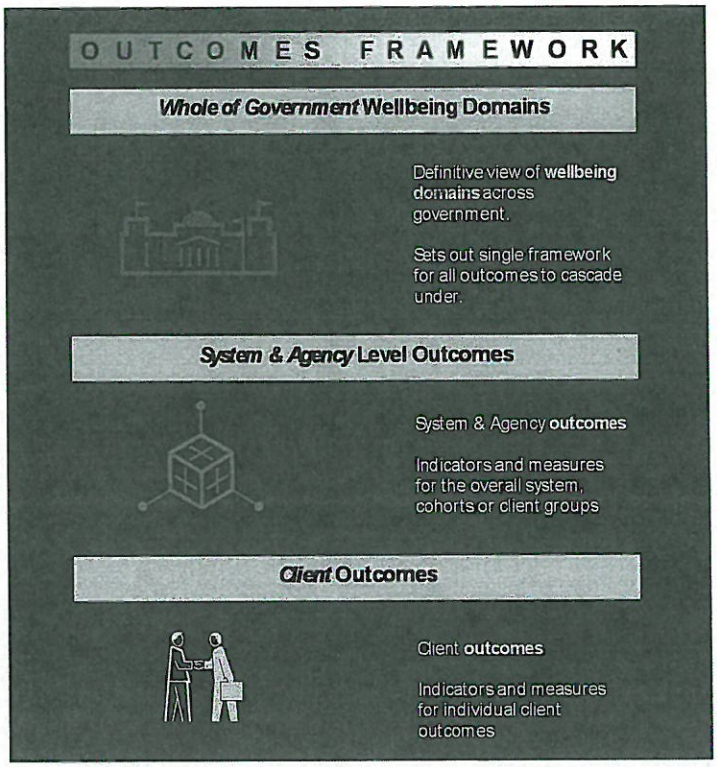

Figure 29 Structure of the outcomes framework

Key principles

The key elements to inform the outcomes framework are outlined below.

Client principles that should be employed when defining the vulnerability/outcomes domains and dimensions are:

- child centred
- long term focused
- able to measure impacts
- timely
- provide information on the drivers of long term poor social outcomes

Service principles to enable the delivery of the client principles are:

- consistent across agencies
- able to drive specific operational responses
- acceptable to various agencies and their own outcomes frameworks
- usable by each sector
- capable of providing ongoing assessment of the success of management and policy response

Applying an outcomes framework – example

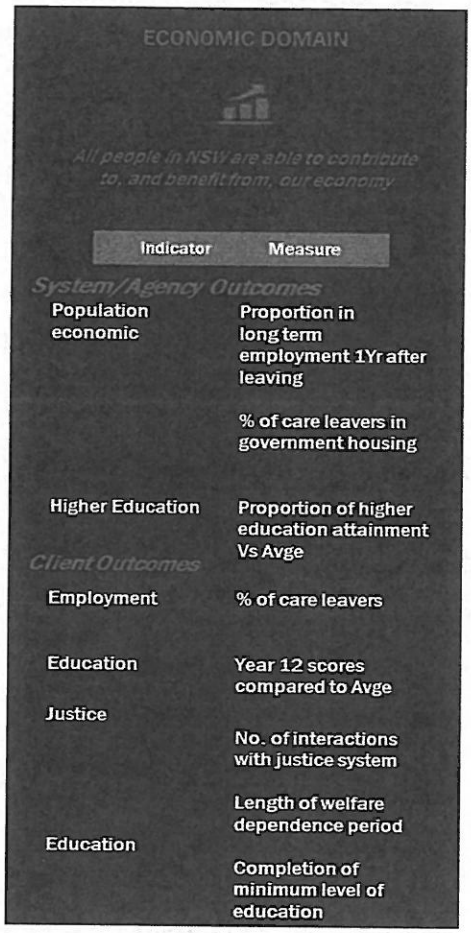

Figure 30 An example of the outcomes framework applied to one wellbeing domain

The example above demonstrates how measures can cascade from the wellbeing domain to the agency/system level and the client level.

It is clear that some outcome indicators can be shared between multiple agencies. This cross-agency relevance and accountability is the key reason for an overarching outcomes framework and should be the key driver in developing measures.

An example multiagency wellbeing and outcomes framework is shown below, illustrating that the interaction across policy areas is clear, as is the potential for better systemic outcomes if the accountability for key measures is shared across all policy areas.

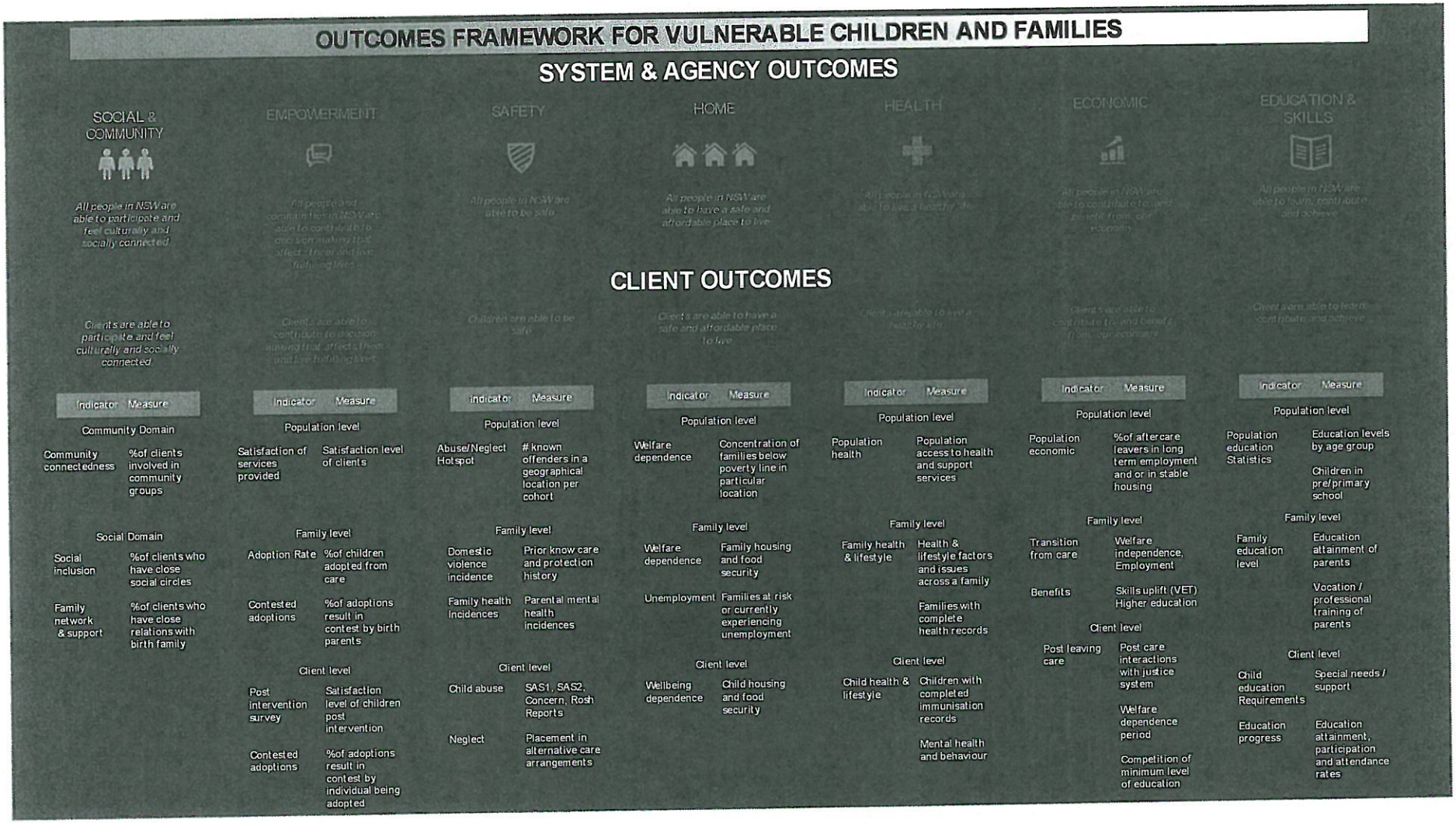

Figure 31 Example of a multiagency outcomes framework illustrating the interaction of client and systemic measures across wellbeing domains

2. A vulnerable families dataset

The key premise of an investment approach is that clear information and monitoring on the operation of the system as a whole would lead to resource and prioritisation decisions that improve outcomes over time. Clear data is a prerequisite for evidence based systemic decision making.

The purpose of the dataset is to provide a single point to collect data across the system. This data can then be used by a central data analysis function. The data can be used by the central analysis function to monitor and refine system activities (see below). The scope of the dataset would need to expand over time to provide the basis for increasingly broad analysis, research and monitoring.

By including outcomes and efficacy measures from across the system, this dataset would also drive the ongoing quarterly reporting to the Commission. The dataset would also provide the basis for analysis of target cohorts and broader system themes or specific pieces of research.

The first priority for the data gathering in the first phase of the investment approach is detailed below. The key goals are to:

- build and test the data matching capability across agencies;
- gather data to allow a whole of system view of client service usage for OOHC families;
- gather data sufficient to analyse and decide the first phase of target cohorts for service targeting; and
- continue to develop an understanding of key drivers and causal factors of service demand.

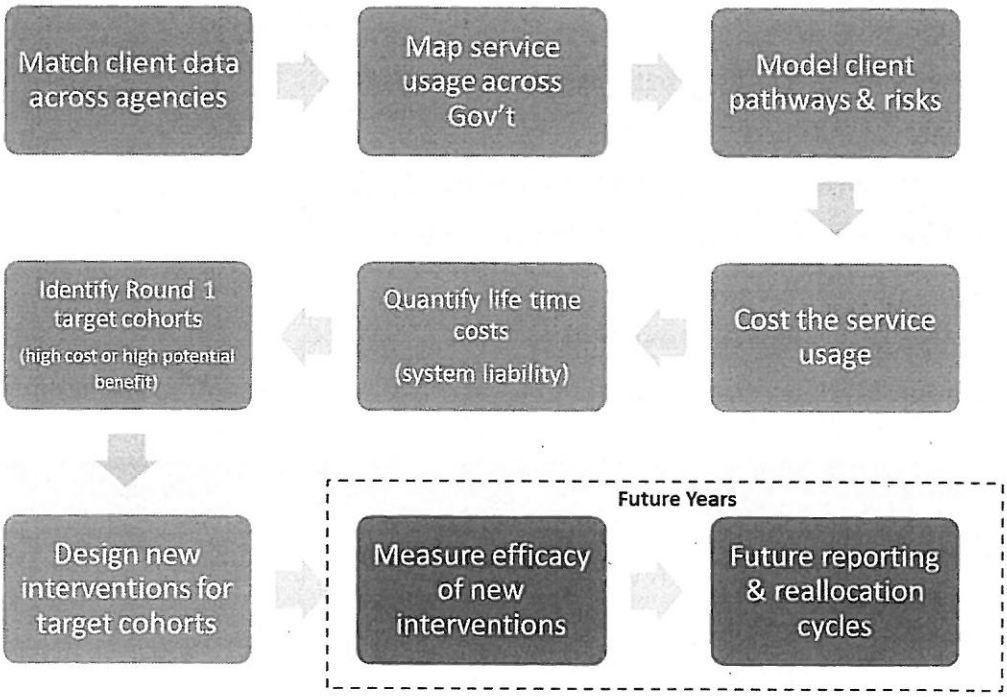

Figure 32 Priority of activity in establishing the vulnerable children and families dataset

The data collection is critical to facilitate the effective operation of the investment approach. In order to provide the required level of data for comprehensive analysis, the data collection mechanism must:

- have a remit to collect data covering the entire range of policy areas which effect the outcomes of the investment approach;
- be coordinated across agencies;
- remain accountable to the highest level at which the data would be used (the Commission) in order to maintain clarity of purpose.

What data is needed?

Data collected must be able to provide sufficient detail to make system level resource allocation and prioritisation decisions. As such, the dataset would be built from the client level upwards in order to allow all possible levels of data analysis.

Over the five year implementation horizon, subsequent phases would extend the data capture and to NGO data, Commonwealth Government data and various sources of contextual data, such as the Australian Bureau of Statistics and commercially available datasets.

The dataset would be shared across all agencies and be available for wider agency usage and academic research.

Some key types of data to be collected are as follows:

- client level service usage across NSW Government
- client level service usage across Commonwealth Government
- some Commonwealth medical usage data
- NGO service usage
- agency level input and output measures for programs
- program level outcome measures
- intervention cost/unit cost data (where available)
- other data points to establish client/cohort level outcomes

Examples of key data - types and sources

The table below illustrates the type of data and sources that would be captured in the dataset.

Primary Data Sources	
Agency / Service	**Data type**
FACS (Child Protection)	▪ Casework data ▪ Number of calls to Child Protection Helpline ▪ SAS1 andSAS2 ▪ Concern report ▪ ROSH report ▪ Legal proceeding

	▪ Unit cost for services ▪ Indicator of whether in care during the year ▪ Number of days care in the year ▪ Re-entry to OOHC
FACS (Out of Home Care)	▪ Indicator of whether in care during the year ▪ Number of days care in the year ▪ Cost of care in the year
FACS Community Services (Brighter Futures)	▪ Brighter Futures family ID ▪ Indicator of whether in Brighter Futures during the year ▪ Program cost in year
FACS Community Services (IFS and IFP)	▪ Indicator of whether in IFS/IFP during the year ▪ Cost of IFS and IFP in year
Health	▪ Aboriginal health ▪ Immunisation ▪ Mental health ▪ Hospitalisation records ▪ District data
Justice	▪ Youth crime ▪ Domestic violence ▪ Child abuse/neglect: physical, mental, sexual, etc. ▪ Juvenile Justice and Corrective Services ▪ Police interventions ▪ Supervised orders ▪ Detention period
Education	▪ Education and development indicators ▪ Literacy rate ▪ Education level attained ▪ Truancy rate ▪ District data
NGOs	▪ Client casework information ▪ Client service data ▪ Placement data ▪ Case plan data ▪ Program data

Using the dataset

The Commission would use the cross-government dataset to analyse outcomes and to identify areas in which interventions and outcomes can be improved. The data analysis and modelling function would:

- produce and maintain a core actuarial model of risk and cost across the system;
- provide evidentiary analysis regarding system efficacy and efficiency;
- provide regular, cyclical reporting against output and outcome measures; and
- build a growing and learning set of insights as an evidence base for current and future system improvement decisions.

This would enable the Commission to design better targeted interventions and analyse and report on the effectiveness of interventions for clients.

The Commission could engage the Data Analytics Centre to support the data analysis required in an investment approach and could also engage specialist skills from the private sector.

Ongoing adjustment

During the course of developing the data capture mechanism, limitations and gaps would be identified which limit the scope of the analysis.

Over time, the effect of these limitations would inform future refinements to agency systems and procedures, and specific changes to agency systems or procedures may be required to capture valuable information. This is likely to be an ongoing process of refinement.

Technology and storage

The dataset would be hosted by the Data Analytics Centre. This means the control and ownership of the data would be retained by government. This commissioning process would be designed and led by the Data Analytics Centre to ensure proper expertise and market knowledge.

In summary, there are currently no mechanisms to facilitate cross-agency datasets. A key part of the initial implementation work would require building these links. Existing knowledge within agencies would be critical to this process.

Data remediation and consistency

The system currently captures very little outcomes data on clients. Information across government agencies is not linked and specific data linkage projects take significant time and resources to complete. Cross-agency operational data sharing has been met with resistance; connections have been developed in an ad hoc manner over time, which has resulted in a number of specific connections between various agencies. Each connection is negotiated separately, typically with separate memoranda of understanding and with rules of use and technical standards of service delivery and data transfer unique to the agency. An example is the sharing of NAPLAN data results between Education and FACS. This was negotiated as an independent, separate process as opposed to a system of cohesive data sharing amongst agencies.

Linking data between government and non-government service providers also remains problematic. OOHC contracted service providers are not providing meaningful outcome measures. This make it difficult for FACS to determine the service efficacy and efficiency provided to clients.

The existing approach to data sharing is inefficient due to high transaction costs, inconsistent reporting and ineffective due to disparate client identity matching, varying standards of use, and an unaligned outcomes framework. A single point of coordination in the Commission, with a sufficient mandate to operate across various departments, would ameliorate these problems, increase consistency and ensure the usefulness of any analysis.

3. Data analysis

The purpose of a central data analysis function within the Commission is to:

- act as a single point of data analysis and insight within the system to build evidence and information;
- provide insights into system weaknesses and areas of improvement;
- inform the design and development of service packages and system design and commissioning models; and
- provide clear reporting and monitoring to inform decisions of the Commission, including focus areas, resource allocation, future system planning and service design.

The scope of the data analysis needs to align to the depth and breadth of the wellbeing and outcome areas which are subject to the investment approach. In the case of child protection, this would involve analysis of specific service delivery outcomes across a number of NSW Government agencies and NGOs.

A robust and data led evidence base is core to the investment approach, providing the ability to model client risk, government liability and potential policy changes.

The following is a detailed explanation of the possible types of modelling approaches, a comparison and an application of each type of analysis.

A test, learn and adapt approach

A cyclical analysis and reporting cycle would enable the Commission to adopt a trial, test and learn approach to improving outcomes for vulnerable cohorts.

This involves collecting broad data, creating detailed system wide analysis, aligning resource and effort across the system with high level decisions, based on organised and unified outcomes. Ongoing quarterly reports would be generated by the Commission to provide regular updates on outcomes.

Key priorities for data analysis

The key priorities for data analysis in the first phase of implementation are:

- understand the **size and scale** of the problem (service usage);
- quantify the **baseline** for government's future **liability** and client outcomes (lifetime costs);
- identify the **target cohorts** for whom investment would have the highest return to government;
- develop and launch coordinated **whole of government solutions** for those cohorts; and
- **measure, learn** and **adjust** based on evidence.

This approach focuses on providing a central risk and liability model which can then be used to target specific cohorts in line with producing the greatest impact for a given investment.

Cohorts would be targeted for specific or refined service interventions based on the possibility to influence their outcomes and long term government service usage.

How would this complex modelling environment work across government?

The Data Analytics Centre would be engaged to provide some of the data analysis. Where specialist skills are required the Data Analytics Centre would partner with external third parties.

Other existing work would also facilitate the development of the data analysis:

- The **NSW Office of Social Impact Investment** recently undertook an analysis of young people aged between 14 to 18 years who left OOHC for the final time between 1996-97 and 2013-14. Using **actuarial analysis**, key cohorts by cost and service usage were identified. The model is an active dataset that would be updated regularly.
- The **Commonwealth Department of Social Services** is currently designing mechanisms to share their client data with States and Territories. This dataset would add significant depth to NSW data by providing details on service usage, employment patterns etc.
- FACS is currently in the build phase of a major project to redesign the systems which support front line child protection workers – **ChildStory**. The ChildStory project has the following areas in scope:
    - caseworker information management and workflow (task level) tracking
    - client (child) database
    - financial management and payments system for OOHC
    - NGO contract management

  When combined with other cross-agency data, ChildStory has the potential to provide better data collection to inform the dataset and analysis.

Application of analysis

Several types of analysis and examples of their usage are outlined below.

Analysis and model type	Application	Example
Predictive analytics	▪ Customer relationship management ▪ Child protection ▪ Clinical decision support systems	▪ Hillsborough County, Florida, Lead Child Welfare Agency uses a predictive modelling tool called Eckerd Rapid Safety Feedback ▪ Experts use predictive analysis in health care to determine patients at risk of developing certain conditions, such as diabetes, asthma, heart disease, and other lifetime illnesses
Actuarial risk/liability	▪ Health insurance ▪ Life insurance ▪ Automobile Insurance	▪ Accident Compensation Scheme, New Zealand ▪ Commonwealth investment approach to welfare ▪ New Zealand welfare model
Cost benefit analysis	▪ Public policy ▪ Infrastructure investment ▪ Capital expenditure determination	▪ Benefits and Costs of Prevention and Early Intervention Programs for Youth[26]
Input-output analysis	▪ Economic studies on community ▪ Administrative reporting of OOHC population	▪ Communities, Social capital and public policy: literature review on the Economic Studies of Communities[27]
Exploratory data analysis	▪ National child protection activity data	▪ Protecting Australian Children: Analysis of challenges and strategic directions from the Community and Disability Services Ministers' Conference[28]
Data mining	▪ Marketing ▪ Banking ▪ Fraud detection	▪ Data mining of shopping loyalty cards ▪ Customer experience management ▪ Market and customer insight ▪ Credit risk management

[26] Washington State Institute for Public Policy (2004) *Benefits and Costs of Prevention and Early Intervention Programs for Youth*, accessed at: http://www.wsipp.wa.gov/Reports/04-07-3901.
[27] NSW Department of Family and Community Services (2005) *FaCS Research News: Difficulties experienced by low-income parents, 23,* accessed at: https://www.dss.gov.au/sites/default/files/documents/05_2012/researchnews23.doc.
[28] Bromfield, L. and Holzer, P. (2008) *Protecting Australian Children: Analysis of challenges and strategic directions from the Community and Disability Services Ministers' Conference*, Australian Institute of Family Studies, accessed at: https://www.communities.qld.gov.au/resources/childsafety/child-protection/national-approach-for-child-protection-factsheet.pdf.

The illustration below shows the interaction of the data collection and analysis functions and the various applications. As shown, the analysis takes sourced data and applies analytics and modelling mechanisms to generate relevant system insights. Finally, the application of the generated system insights drive informed decisions at each level of the system.

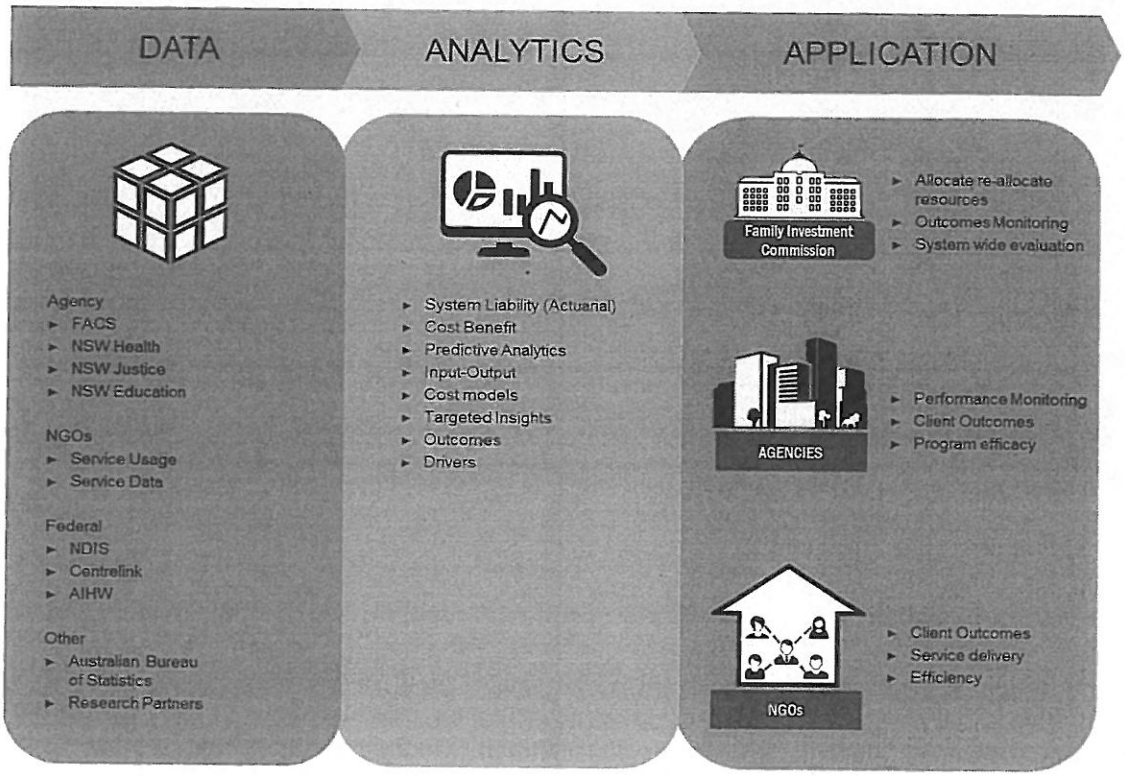

Figure 33 The potential interaction and application of the data collection and analysis functions

As shown below, the required data can be segregated into four main quadrants. Each quadrant shows the various types of agency sources and corresponding types of data relevant to informing the investment approach.

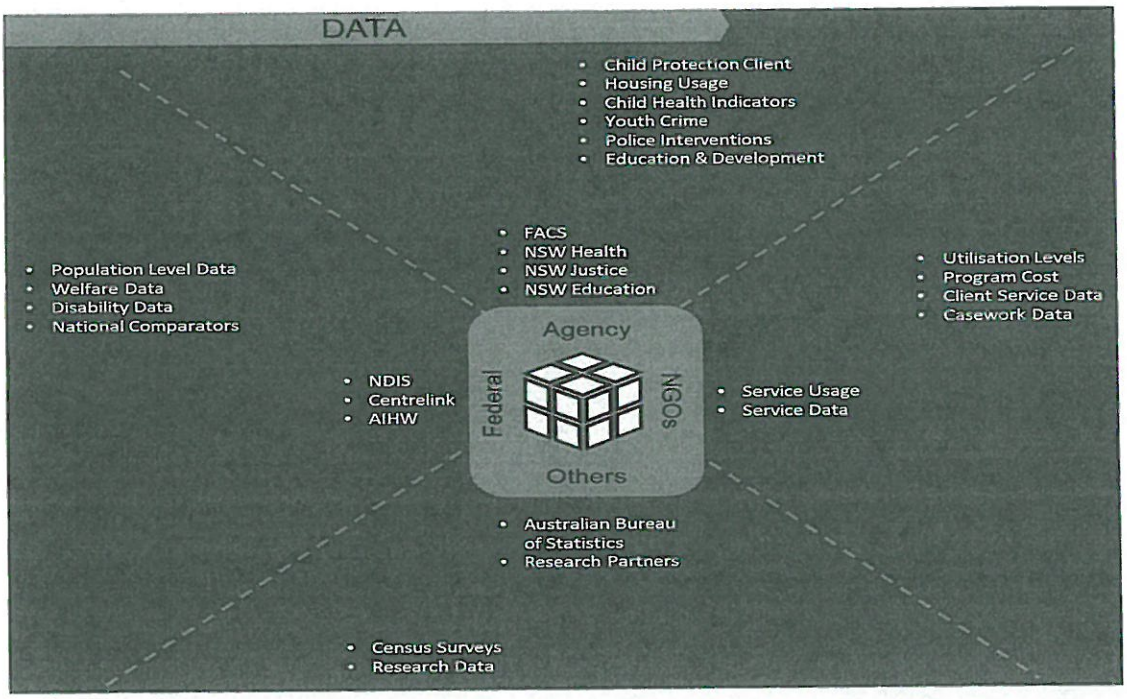

Figure 34 Data types by source

The relationship between the applications of system insights to drive decision making at the three systemic levels is illustrated below. The use evidence and analysis would allow the various levels of the system to evaluate efficiency and efficacy, in alignment with the baseline settings of the outcomes framework.

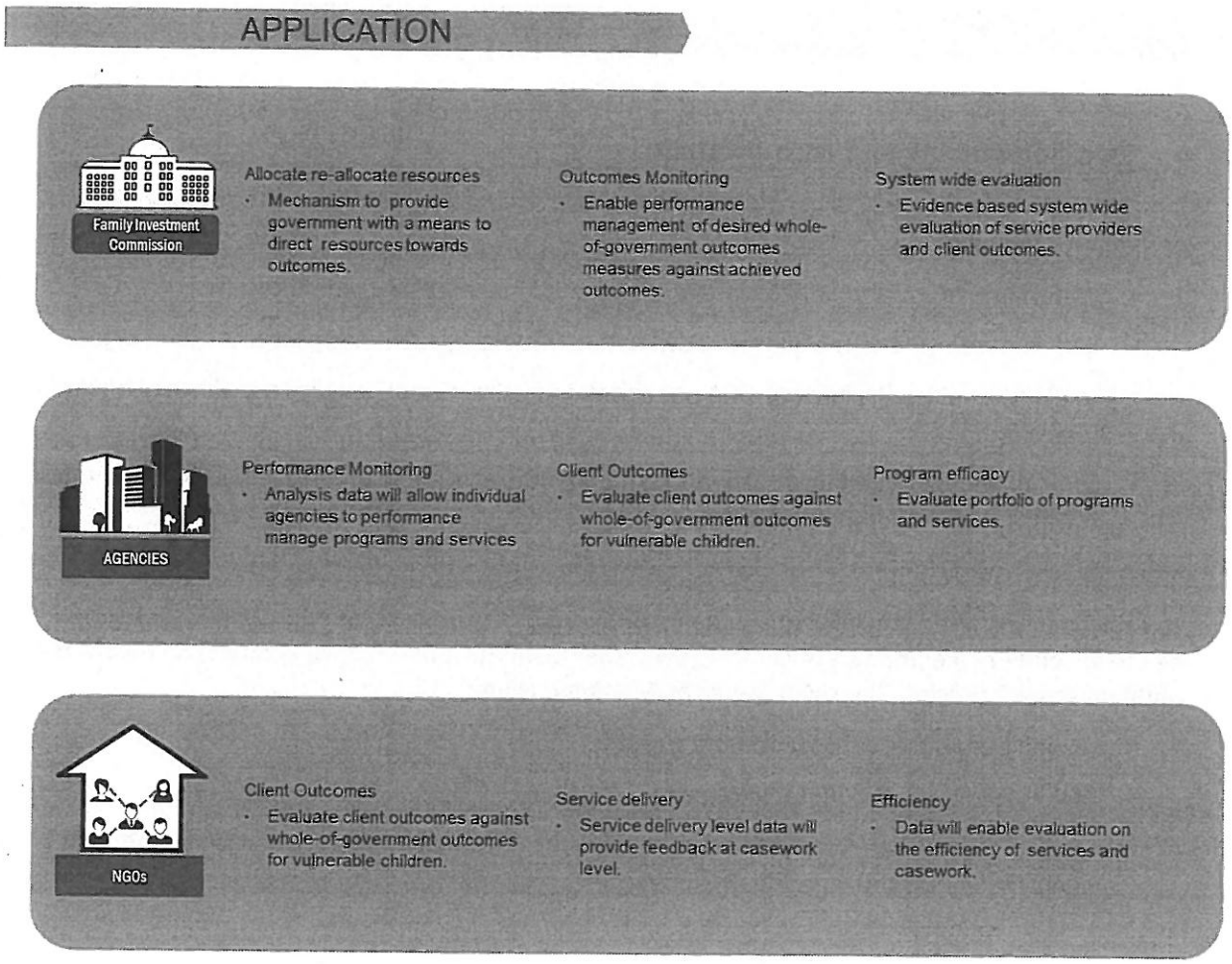

Figure 35 Illustration of system tiers and data usage

4. Decision making and accountability

The Commission would provide decision making and accountability structures. The purpose of the Commission would be to:

- determine the system level strategy, target outcome areas and client cohorts;
- own and coordinate the quarterly evaluation, reporting and resource reallocation cycle;
- make system level allocation and prioritisation decisions and develop the annual investment plan; and
- provide an accountability mechanism and provide advice to Cabinet on the implementation of service system improvements.

To effectively align service delivery and policy areas across all in scope agencies, the Commission needs to combine the impetus of central government, and the policy and service delivery expertise of the in scope agencies. The key features facilitating this are:

- an advisory panel of independent experts
- sponsored by an accountable Minister
- membership of the Commission board made up of representatives from all relevant line agencies and central agencies including:
    - Health
    - Justice
    - Education
    - FACS
    - DPC
    - Treasury

Scope

The scope of the Commission's activity mirrors the outcomes which are to be improved through an investment approach. The Commission is responsible for prioritising effort and aligning resources to priorities, across all of the relevant policy areas in order to achieve the outcomes for vulnerable families.

To do this effectively, the scope and focus would be on clients in OOHC and would gradually incorporate child protection and targeted early intervention. The resources in scope for the investment approach would be determined following data analysis of client needs and service usage.

The key enabler for this breadth of scope is the definitive mandate for a shared governance framework and joint accountability of agencies for achieving outcomes.

Joint implementation team

In order to support the implementation of the investment approach, a joint implementation team would operate between FACS, DPC and Treasury. The team would be staffed and led by those agencies, as well as other in scope agencies, where required. The team would report jointly to Deputy Secretaries.

5. Reporting and reallocation cycle

The purpose of the evaluation and reallocation cycle is to provide a feedback loop for the Commission to monitor progress against targets and direct changes into the service delivery agencies. This takes place in a regular, quarterly cycle of reporting and monitoring.

The cycle acts as the key mechanism to link together all the elements of the investment approach. Data from the service system and other points is captured in the **dataset** mechanism, this is then independently analysed and reported on by the **data analysis and modelling** mechanism in line with requirements of the **Commission**.

The Commission then makes decisions regarding resource allocation, system focus, strategy and effort prioritisation; directing these decisions to the service delivery agencies to implement. These directions are captured within the intent or detail of the **outcomes framework**, providing clear and measurable parameters for ongoing reporting.

In this cycle, requisite reporting and analysis would be driven by the Commission. As well as regular reporting, this cycle would provide the forum for broader evaluations or any other research required.

It is important to note that while the evaluation and reallocation cycle would run quarterly the data would be available across all agencies for any other analysis or usage by individual agencies in any way.

Operation

The reallocation process would require the Commission to be able to direct resource allocation and prioritisation within and between agencies, for those activities that relate to child protection clients. This mandate represents a key shift in interagency control and coordination, it is critical to enforce the coordinated effort between agencies.

Service system

The investment approach requires a diverse service system to deliver the services and interventions to improve client outcomes, in line with decisions made by the Commission.

The mechanism to effect the required growth and change in the service system is a commercially based and correctly incentivised commissioning environment.

In response to the commissioning environment, service providers would be better able to segment their service provision and potentially specialise. The increased transparency would further allow for more specific management and increased efficiency in service providers.

The regulatory environment would develop with increased specificity based on the increased targeting of interventions and the eventual move to client centred funding.

These changes would complement similar adjustments occurring in the disability sector, where there is some overlap in providers.

6. Implementing the investment approach

Implementation of the investment approach would take place over five years, in three phases. This section gives an overview of the basic implementation structure and objectives for each phase.

Timing

The phases would reflect the underlying scope of the investment approach. The key themes of each phase are outlined below.

Reform direction	Phase 1 *0-1 years*	Phase 2 *1-3 years*	Phase 3 *3-5 years*
Investment approach	**Cohort: OOHC children and families** ▪ Definitive advice on data privacy & security ▪ Cross agency data linkage ▪ Whole of government outcomes framework ▪ Governance: o Mandate for investment approach o Investment Board setup o Partnership team setup ▪ Launch NSW Family Investment Commission	**Cohort: OOHC children and families + child protection** ▪ Implement first round of policy reforms based on Phase 1 analysis ▪ Implement second round of policy reforms based on second round cohort analysis ▪ Launch new commissioning model ▪ Include Keep Them Safe rollover ▪ Expand budget scope and funding in line with evidence base	**Cohort: OOHC children and families + child protection + vulnerable children and families** ▪ Client centred funding ▪ Round 3 and 4 policy reforms
Data and analysis	▪ Map whole government service usage	▪ Launch quarterly reporting and analysis cycle	▪ Launch quarterly reporting and analysis cycle

	▪ Quantify system liability/cost ▪ Define client pathways ▪ Devise target cohorts for new policy interventions	▪ First year evaluation results ▪ Second phase of cohort analysis and improvements	▪ Ongoing evaluation ▪ Third and fourth phase of cohort analysis and targeting
Evidence based service delivery	▪ First stage alignment of programs to the service continuum ▪ Complete gap analysis ▪ Establish the centre for what works ▪ Review intake and referral pathways ▪ Commence case reviews for potential successful restorations	▪ Second stage alignment of programs to the evidence base ▪ Market development ▪ Continue to assess the effectiveness of interventions ▪ Reform intake and referral pathways to better respond to client needs at the earliest opportunity	▪ Flexible service interventions aligned to the evidence base
Individualised packages	▪ Demand modelling and analysis	▪ Cost packages ▪ Market development ▪ Transition to commissioning for outcomes	▪ Transition funding to individualised packages for cohorts of children in OOHC ▪ Market development

Figure 36 Implementation phases and key milestones

Work streams

The implementation would be carried out in several work streams:

- data
- governance
- evaluation
- monitoring and reporting
- outcomes framework
- reform implementation

Further detailed implementation planning could be completed following a clear mandated position being endorsed.

Appendix 3

The service continuum and evidence based models

The service continuum for vulnerable children and families

The recommended service continuum for vulnerable children and families in NSW was developed with cross-government consultation facilitated by the Australian Research Alliance for Children and Youth (ARACY) on 20 May 2016. The model recommended is underpinned by best practice evidence outlined in the *Better Systems, Better Chances: A Review of Research and Practice for Prevention and Early Intervention.*[29]

Implementation of the service continuum is reliant on the existence of the essential elements that underpin all effective system reform processes. These include:

- **data driven decision making** - improving the collection, use and coordinated access to data that allows an outcomes focus;
- **local planning and decision making** - cross-sector planning grounded in need analysis with governance models that reflect a balance with central leadership;
- **investment guided by evidence** - effective scaling up and incentivising 'what works' supported by a focus on building the practice to evidence pathway;
- **common needs and risk identification** - ideally delivered through shared practice frameworks across sectors and applied across the service continuum. Common need identification provides a shared language and shared means of assessing and responding to risk; and
- **consistent planning and pathways** - with established protocols for practice which operate in partnership with families.

The Review recommends the alignment of NSW investment in services to vulnerable families to a service continuum to secure evidence based services across the system. This alignment should occur over the next three years. The recommended service continuum is grounded proportionate universalism, and the premise that effective early intervention with vulnerable children and families requires the trusted universal system to provide effective health, education and community services.[30]

Children and families are at the centre of the recommended continuum, with the following practice principles embedded as key success factors:

- a strengths based approach to planning and implementation
- child wellbeing lens for holistic action
- life course approach
- child and family centred practice
- equality of access
- ongoing, coordinated, partnership based screening, monitoring and assessment
- trauma informed practice and policy
- building parental capacity for change
- acknowledgement of the challenges of key transition points for children, such as primary to secondary school
- reflective of the fact that families transition in and out of hardship and disadvantage

[29] Fox, S., Southwell, A., Stafford, N., Goodhue, R., Jackson D. and Smith C. (2015) *Better Systems, Better Chances: A Review of Research and Practice for Prevention and Early Intervention,* Australian Research Alliance for Children and Youth, Canberra.
[30] Marmot, M. (2010) *Fair society, healthy lives: The Marmot Review, Strategic Review of Health Inequalities in England post-2010,* Institute of Health Equity, London.

- enhanced capacity building across and within sectors to deliver services according to model fidelity
- establishment of a shared outcomes measurement.

Risk and need identification is central to the effective operation of the service continuum, occurring across the continuum and intersecting with the universal services platform. Each segment represents the coordinated service functions which should supplement universal services for children and families requiring additional services. The continuum creates a system 'backbone' that allows services to connect, join up and support a child and family. Trauma is acknowledged as a significant factor in poor outcomes for vulnerable families. Across the human services industry there is a growing recognition of the importance of all practitioners being trauma informed so that they are able to recognise the signs of unresolved trauma. Clinical and therapeutic services require trauma specialisation to assist vulnerable families to recover from trauma and therefore prevent escalation of risk to children.

The recommended service continuum includes population segmentation which is consistent with an investment approach.[31] This approach ensures the service system is well placed to:

- make quality decisions about the service functions that best apply to families depending on the dynamics of their family, taking into consideration the family's current social and economic position and their aspirations for the future;
- provide vulnerable families with access to a case manager who assists them to navigate access to services that meet their needs and prevent escalation of problems; and
- utilise more effective, better targeted interventions.

The segments within the service continuum are used to identify six categories (cohorts) of vulnerable families likely to interact with the service system because they have needs additional to those met within the universal system. Further refinement to the service functions may be required prior to service realignment to ensure application of the most contemporary evidence.

[31] Ahn, S.-H. and Kim, S.-W. (2015) Social investment, social service and the economic performance of welfare states, *International Journal of Social Welfare*, *24*, 109–119.

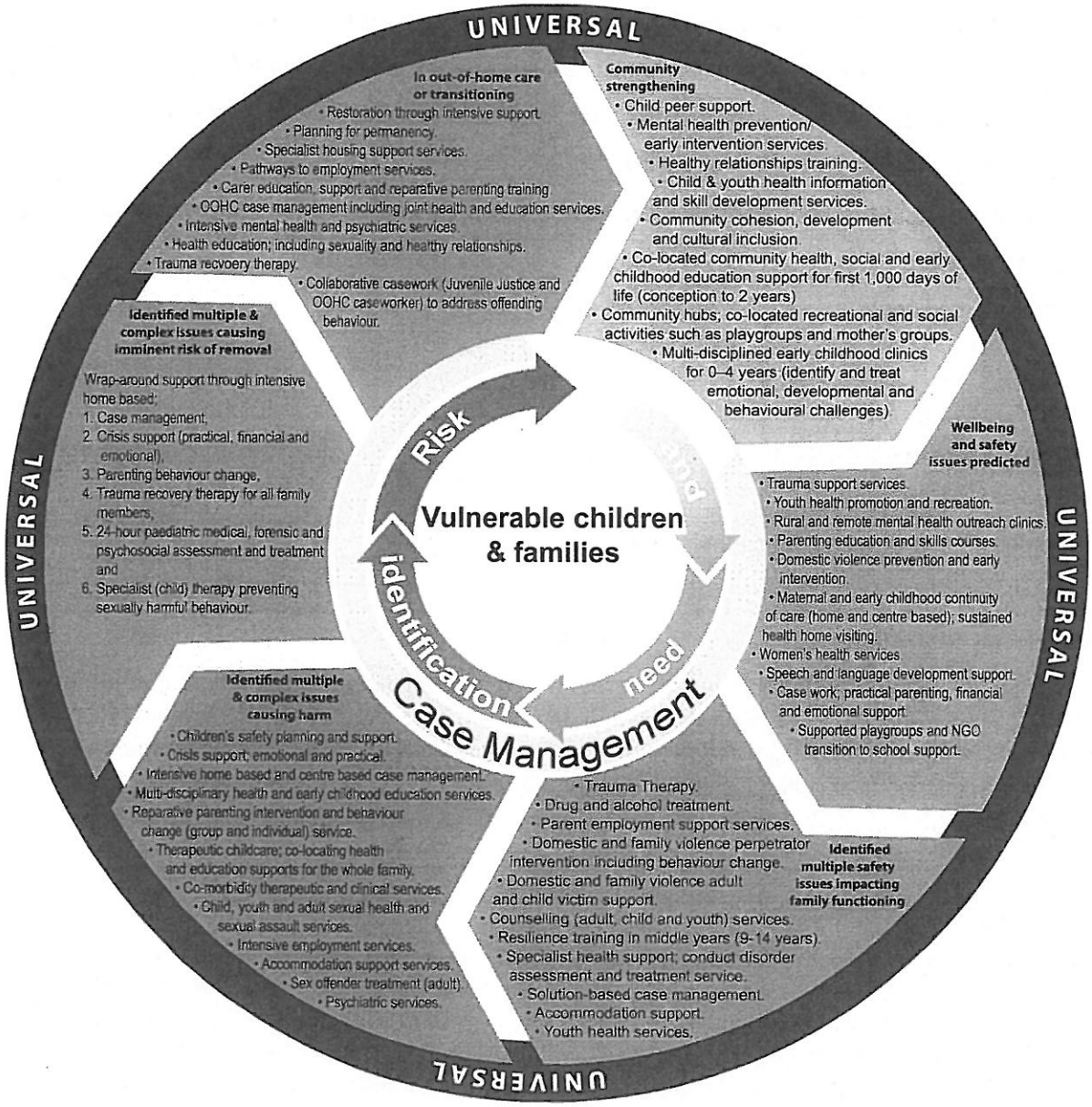

Figure 37 Service continuum for vulnerable children and families

Universal services

All families require support at some point in their child's life to help them parent confidently. The trusted universal service infrastructure in NSW provides adequate mainstream resources including facilities and interventions to most families. A proportion of NSW families require additional assistance or resources.

Examples of universal services relevant to vulnerable families included in the outer sphere of the service continuum include:

Education and employment:

- high quality early childhood education and childcare
- compulsory education for children aged 6-17 years

- specialist services for learners with additional learning and support needs
- adjustments provided through personalised learning and support for vulnerable students
- adjustments include transport, courses of study, staff training and distance education
- wellbeing and school counselling support
- encouraging regular school attendance and managing poor attendance and non-enrolment
- tertiary education
- employment service

Health

- public hospitals
- general practice
- pre-natal and post-natal education and care

Service functions and cohorts

Flexibility should be applied to service functions across the continuum, however given fiscal limitations it is unlikely that 100% of demand for services will be met. In order to best target resources, a few service types may require eligibility criteria to allow access to the cohorts most likely to benefit. Functions should therefore be well aligned to an evidence base and targeted accordingly so as to maximise efficiency and effectiveness.

Vulnerable children and families

When defining family vulnerability, there are varied definitions applicable. Limited financial resources and social exclusion are key factors influencing a person's standard of living and therefore their vulnerability.[32] Family vulnerabilities also include individual, parental or family circumstances that create a risk of poor physical or mental health. The Australian Early Development Census (AEDC) defines and records developmental vulnerability according to a (school attending) child's experience.[33] This includes the presence of challenges that interfere with the child's ability to cope with the school day. Challenges include being dressed inappropriately, frequent late attendance and frequently being hungry or tired and having fading energy levels. In 2015 annual report of the AEDC shows 9.7% of census children were identified as developmentally vulnerable. The report claims a strong relationship between social disadvantage and physical health and wellbeing. Australian children living in socioeconomically disadvantaged areas are more than twice as likely to be considered developmentally vulnerable than children in the least disadvantaged areas. Australian children living in very remote areas were 2.6 times more likely to be developmentally vulnerable than children living in cities.

Cohort: Community strengthening

Families in this cohort have interaction with universal services and are more likely to rely on their local community. Social conditions may include gender inequality, lower socioeconomic status and lower AEDC

[32] Saunders, P. (2008) Measuring wellbeing using non-monetary indicators: Deprivation and social exclusion, *Family Matters*, *78*, 8-17.
[33] Australian Early Development Census (2015) *Australian Early Development Census 2015*, accessed at: http://www.aedc.gov.au/about-the-aedc/history/the-australian-early-development-census-2015.

scores. Built environments and community settings may be perceived as unsafe for adults and children. These communities are more likely to have high rates of Aboriginal and culturally and linguistically diverse (CALD) community groups.

Service functions:

- child peer support
- healthy relationships training
- child and youth health information and skill development services
- mental health prevention / early intervention services
- community cohesion, development and cultural inclusion
- co-located community health, social and early education support for first 1,000 days of life (conception to two years)
- community hubs: co-located recreational and social activities such as playgroups and mother's groups
- multidisciplinary early childhood clinics for 0-4 year olds (identity and treat emotional, developmental and behavioural challenges).

Cohort: Families for whom wellbeing and safety issues can be predicted (via predictive analytics)

Families in this cohort may experience intergenerational disadvantage such as intergenerational unemployment or chronic health issues. Parents are generally not well connected to community and have low educational attainment. They may experience mental health problems, disability and may live in social housing. It is predicted one in three may have experienced domestic violence within their lifetime.[34] The dynamics of family violence may not have escalated to physical abuse, but may include coercion and control of mothers by fathers. Families are less likely to overcome adversity without access to formal and informal support and subsequently escalation to risk of harm may occur.

Service functions:

- trauma support services
- rural and remote mental health outreach clinics
- youth health promotion and recreation
- parenting education and skills courses
- domestic violence prevention and early intervention
- additional learning needs support plan
- maternal and early childhood continuity of care (home and centre based): sustained health home visiting
- women's health services
- speech and language development support
- casework: practical parenting, financial and emotional support
- supported playgroups and NGO transition to school support

[34] Australian Bureau of Statistics (2012) *Personal Safety, Australia, 2012*, accessed at: http://www.abs.gov.au/ausstats/abs@.nsf/mf/4906.0.

Cohort: Families identified as having multiple safety issues that impact on family functioning

Families in this cohort experience multiple challenges linked to socioeconomic disadvantage including financial stress, housing instability, food security issues, mental health and emotional functioning problems. Parents are likely to have experienced significant trauma. Dynamics and domestic and family violence may include physical abuse, but are most likely to include financial and emotional abuse. Substance and alcohol misuse may be affecting decision making leading to risky or unlawful behaviour. Children are disengaged from learning and school and may be known to police. Family functioning is improved by each family member receiving services that meet their needs, preventing harm and avoiding crisis.

Service functions:

- Board of Studies Teaching and Educational Standards NSW (BOSTES) endorsed alternative education programs for students disengaged from school, which may be provided in tertiary or community settings
- parent employment support services
- counselling (adult, child and youth) services
- resilience training in middle years (9-14 years)
- specialist health support; conduct disorder assessment and treatment service
- domestic and family violence perpetrator intervention including behaviour change.
- domestic and family violence adult and child victim support
- solution based case management
- drug and alcohol treatment
- accommodation support and social housing
- youth health services
- trauma therapy

Cohort: Families identified as having multiple and complex issues causing harm

Parents in this cohort are likely to have substantial substance misuse problems, possibly leading to criminality and incarceration. Families will have limited exposure to the universal service system and instead draw heavily on secondary and tertiary services. Children have multiple complex needs and may include developmental barriers to learning, communicating and socialising. It is possible that all family members will have experienced significant trauma. Families are likely known to multiple agencies including police, housing and community services. There is an increased prevalence of domestic violence where abuse tactics include physical assault as well as threats and emotional abuse, mental health problems and disability. Families who learn new skills and change behaviours to cope with stress, resolve trauma and avoid crisis can avoid escalation of harm.

Service functions:

- psychiatric services
- intensive home based and centre based case management
- crisis support: emotional and practical
- reparative parenting intervention and behaviour change (group and individual) service
- multidisciplinary health and early childhood education services

- co-morbidity therapeutic and clinical services
- child, youth and adult sexual health and sexual assault services
- therapeutic childcare: co-locating health and education supports for the whole family
- children's safety planning and support
- specialist accommodation support services and social housing
- sex offender treatment (adult)
- intensive employment services

Cohort: Families identified as having multiple and complex issues and children are at imminent risk of removal

Families in this cohort are likely to be experiencing significant physical, psychological or sexual abuse and neglect. Families are known to the child protection system alongside multiple other agencies. Families may have experienced multiple failed referral attempts including brief care periods and family restorations. Children have significant levels of toxic stress that manifest in challenging behaviours and social and educational disengagement. Children may have physical or psychological effects of antenatal drugs and alcohol. If well targeted and evidence based, intensive services provided to families in this cohort would achieve stability after crisis and trauma.

Service functions require wrap around support through intensive home based services including all of the following elements:

- case management;
- crisis support (practical parenting, financial and emotional);
- parenting behaviour change, including domestic and family violence offender and drug and alcohol treatment if relevant;
- trauma recovery therapy for all family members;
- 24 hour paediatric medical, forensic and psychosocial assessment and treatment; and
- specialist (child) therapy preventing sexually harmful behaviour, if relevant.

Cohort: Children and young people in out of home care and transitioning to independent living

Children and young people in this cohort have experienced multiple traumas and may experience difficulty in transitioning to universal services, private accommodation and the education and training and employment environments. Children and young people receiving appropriate support during and after care can recover from trauma, experience stability and successfully transition to independent living from care.

Service functions:

- restoration through intensive support
- planning for permanency
- specialist housing support services
- OOHC case management including joint health and education services
- carer education, support and reparative parenting training

- pathways to employment services
- intensive mental health and psychiatric services.
- health education: including sexuality and healthy relationships
- trauma specialist therapy
- collaborative case (Juvenile Justice and OOHC casework) to address offending behaviour

Evidence based models that apply to cohorts and service functions

Children and young people in out of home care and transitioning out of care

Model name and jurisdiction	Program description and costs	Evidence based or developing evidence	Potential target cohorts for NSW	Evidence of success with Aboriginal children or families
Intensive family preservation and restoration[35]				
Multi Systemic Therapy – Child Abuse and Neglect (MST-CAN) **Applied in the USA across various jurisdictions**	Parent and child intervention. Intensive home based therapeutic program available 24/7. Aims to prevent children from entering OOHC or who are in care and restoration is a goal. The program is targeted to families who have come to the attention of statutory agencies due to physical abuse and/or neglect, where a report has been received in the past 180 days. This program is an adaptation to the original Multi Systemic Therapy model which was developed for older children. Cost is estimated at approximately $25,000 per child.	Evidence base largely in USA. Key benefit is children avoid entry into OOHC. Contributes to: ▪ direct cost savings to government through avoided OOHC placement costs; ▪ indirect savings through improved education outcomes, avoided costs of crime, and avoided future health care costs and long term outcomes are reduced child abuse and neglect and improved economic and social participation.	Families where children are aged over 6 years and assessed as high or very high risk and are at imminent risk of removal. Families with children in OOHC where restoration is a case plan goal.	No evidence as no local trial.
Functional Family Therapy – Child Welfare ® (FFT – CW) **Various USA**	Parent and child intervention. Intensive therapeutic support to children and families. The service targets all members of the family, and where	Evidence base largely in USA. Intensive intervention for children and families in the child welfare system. Findings show results in preventing risk escalation,	Families where children are aged 0-18 years assessed as high or very high risk and are at imminent risk of removal.	No evidence as no local trial.

[35] Washington State Institute for Public Policy (2016) *Benefit-Cost Results*, accessed at: http://www.wsipp.wa.gov/BenefitCost.

	appropriate, community settings, to engage a broader network of support around the family. The service intensity is matched to the needs of the family. All family members and if relevant some community members (including teachers) are engaged in the response. The intervention cost is estimated at $10,000 per child.	in improved clinical outcomes and reduced costs to the broader system.	Families with children in OOHC where restoration is a case plan goal. Families who would benefit from a whole of family approach where all members of the family are engaged in service.	
Multi Systemic Therapy (MST) **Various USA** **NSW Juvenile Justice and Queensland**	Parent and child intervention. Intensive family and community based treatment program that focuses on addressing all environmental systems that impact the child - their home, family, school, neighbours and friends. Therapists work with parents to overcome causes of abuse and assist with strategies to keep the adolescent focused on school and gaining job skills. A four to six month intervention costing approximately $10,000 per child.	Evidence based overseas. Some evidence developing in Australia. Findings from published randomized trials show; re-arrest rates reduced by 25-70%; OOHC placements reduced by 47-64%; improved family functioning; decreased substance use and improvements in mental-health.	Young people aged 12-17 years and in OOHC who are at risk of, or are engaging in offending behaviour.	Juvenile Justice trial results with Aboriginal young people.

Intensive responses to children and families with multiple and complex issues causing imminent risk of removal

Model name and jurisdiction	Program description and costs	Evidence based or developing evidence	Potential target cohort for NSW	Evidence of success with Aboriginal children or families
Targeting risk factors				
Drug and alcohol and mental health clinical model (applied in whole family teams) **or** **Families Facing the Future**	Parent intervention. Integrated care model targeted at substance using and mentally ill parents.	Model is developing an evidence base.	**Substance** using parents. Parents with **mental illness.**	No evidence as no local trial.
Parent Child Interaction Therapy **UNSW trial 2015** **USA**	Parent and child intervention. Targeted prevention to overcome antisocial-aggressive behaviour, child abuse and neglect and child conduct issues. Target group is families with children aged 2-12 years. Parent coaching in communication, Costs: $1.210US per family for 280 families in the first year. Therapist training $4US, certification $200US, $40US per week for assessment. Therapist supervision and training $2,500US pa. Therapist salary ($60,000 pa)	Evidence based overseas. Some evidence developing in Australia. Reduces conduct disorder in children. Improves quality of parenting and parent-child interaction. Prevents OOHC. Significant decreases at post-test for child-related parenting stress and significant increases in parenting practices which included monitoring and supervision, involvement, and discipline. No evidence of success in engaging and changing behaviour of fathers who use DFV. A 2008 study of PCIT with DV Populations; focused on how to manage child behaviour in a DV context rather than addressing dynamics of DFV.	Families with children aged 2-7 years who are at ROSH and below ROSH. Particularly beneficial for emotional **neglect** and where parents are identified as being under stress and using psychological and physical abuse.	No evidence of model success targeting Aboriginal families at ROSH.

	Intervention is on average 14-16 weeks per family. US estimated cost benefit is $13.68US.			
Parents Under Pressure (PUP) **Queensland**	Parent intervention. Home based intensive treatment program for multi-problem families. The treatment involves 12 x 1.5 hour sessions. Provided by trained psychologists who receive weekly clinical supervision.	Evidence based overseas. Some evidence developing in Australia. Clinically significant improvement across a range of family functioning domains over a 3 month period for the majority of families involved. This finding supports the proposal to assess the level of risk to the child and the family's capacity to change by assessing their response to a brief intervention. A 2008 evaluation also noted the PUP program's focus on shared goal-setting and collaborative approach to solving family problems was a key success factor due to formation of a strong therapist alliance and resultant low attrition rates. No evidence of success in engaging and changing behaviour of father who use DFV.	Families with multiple issues including **substance misuse**. Parents who physically abuse children.	No evidence as no local trial.
SafeCare **Multiple locations in USA** **PRC initiated implementation in Australia**	Parent and child intervention. Cost per participant US$2,092. Cost benefit $1.35 are life cycle benefits. Weekly home visits are provided over 18-20 weeks over a 1-2 hour duration. Intensive parenting training.	Evidence based overseas. Some evidence developing in Australia. A study in 2002 compared families receiving SafeCare to families receiving standard family preservation services in California; SafeCare families were significantly less likely to have a recurrence of child	Families where children are identified at ROSH due to **neglect** (particularly medical neglect),	Limited evidence with limited local trial.

		maltreatment (15% over three years) compared to services-as-usual families (44% over three years). Similar reductions in neglect were found in an evaluation of Project 12-ways, the predecessor of SafeCare in 1991. No evidence of success in engaging and changing behaviour of father who use DFV.		

Targeted responses to children and families with multiple and complex issues that result in significant safety and risks concerns

Model name and jurisdiction	Program description and costs	Outcomes achieved	Potential target cohort for NSW	Evidence of success with Aboriginal children or families
Child First **Bridgeport Connecticut USA**	Parent and child intervention. Home based intervention with vulnerable young children (0-5 years). Implemented by masters level clinicians. Duration is between 6-12 months. Staff receive clinical supervision. An individualised child and family plan of care includes provision of psychotherapeutic treatment and services. All family members receive the service.	Aims to reduce mental health concerns, child development and learning programs and abuse and neglect. A study in 2011 showed lower externalizing behaviour for children in the intervention group relative to a control group. Overall psychiatric well-being improved. Reduced depression and parental stress. Families in the intervention group evidenced lower involvement with Child Protective Services (at the 30 month follow up), and increased access to community based services (i.e. long term affect rather than short term). Study sample included diverse cultural backgrounds.	Families under stress, unplanned pregnancy, history of **mental health** problems and where **neglect** is identified.	No evidence as no local trial.
Cognitive Behavioural Therapy (CBT) **Various applications across Australia and international.**	Parent and adolescent intervention. CBT has various applications including treating post-traumatic stress, substance abuse and offending behaviour. The psychotherapeutic intervention teaches people to identify and	Broad ranging research shows evidence of emotional regulation, communication skills and problem-solving capability.	Target cohorts include young people who have experienced trauma, young offenders, and parents with unresolved trauma, depression and substance abuse issues.	Local empirical evidence specifically with Aboriginal people is not available.

	modify behaviour to reduce stress and promote wellbeing. Treatment is often provided in 10 -20 hours of therapy. Unit costs vary depending on the application of the therapeutic model.			
Safe and Together Model **Various US jurisdictions.** **QLD Mackay and Brisbane.**	Parent and child intervention. Suite of practice tools and interventions used with families with DFV. Strengths based (victim), child centred, perpetrator focused intervention. Workforce development model to build capacity of child protection caseworkers to respond to DFV, particularly perpetrators. Focuses on perpetrator behaviour and its direct impact on their children including the impact on mother-child relations.	Evidence based in USA. Reduced OOHC placement for families with DFV. Evidence developing in Queensland.	Families at ROSH and pre-ROSH where **DFV** is an identified risk factor. Particular focus on perpetrator interventions.	No evidence in the NSW context.
The following programs show promise and are developing a local evidence base.				
Family by Family	Parent and community intervention. Peer to peer program for families with identified risk factors. Programs are co-designed in the community. Intervention includes informal coaching to encourage resilience and strengths building to avoid crisis.	A study in 2012 found the program has a cost benefit ratio of $1:$7 and improves family interaction. Parents report improved self-confidence, social connectedness and positive orientation to the future. Families receiving intervention have the opportunity to become mentors to other	Families with children aged 0-18 years with identified risk factors. Risk factors can include isolation and trauma. At ROSH or sub-ROSH.	Program piloted with Aboriginal families in Mt Druitt NSW. Due to co-design nature, a tailored approach can be taken with each Aboriginal community.

		families at risk.		
Strong Aboriginal Men (SAM) **Delivered through ECAV in NSW**	Parent and community intervention. Prevention program focused on men who have experienced trauma and are at risk of perpetrating violence or harm as a result of unresolved trauma. Participants ▪ gain an understanding of the impact of trans-generational trauma on their community as a whole ▪ explore ways to identify and address child sexual assault and domestic violence in order to bring about change ▪ become positive role models and find strength in their own identities ▪ identify strategies to support and assist those experiencing and recovering from abuse.	Aims to build positive cultural identity, resilience and set goals for relationships. Improving self-confidence.	Aboriginal men who have experienced trauma. Fathers whose children are at ROSH or sub-ROSH. Relevant to Aboriginal communities with high levels of complex needs relating to Violence Against Women (**DFV**), social disadvantage and intergenerational trauma.	Program designed for Aboriginal communities. Empirical quantitative evaluation unavailable. Qualitative review undertaken in 2014.
Strong Aboriginal Women (SAW) **Delivered through ECAV in NSW**	Parent and community intervention. Delivered by Aboriginal educators. Three educational workshops has been developed to improve women's access to services for assistance with domestic, family and sexual violence. Exploration of impact	Build knowledge of violence against women, dynamics of violence, healthy relationships and impact of intergenerational trauma and abuse. Encourage reporting of violence and women's engagement with the legal and justice process following abuse.	Aboriginal communities with high rates of violence against women including **DFV** and sexual abuse.	Program designed for Aboriginal communities. Empirical quantitative evaluation unavailable.

	of violence against women on Aboriginal communities.			
Integrated Domestic and Family Violence Services and Staying Home Leaving Violence	Parent intervention. Specialist DFV case management model for adult and child victims. Service model is needs based, flexible, long term and includes brokerage.	Evidence developing in NSW.	Families where **DFV** has been identified. Adult and child victims who have separated from abusive offender.	18% of service users in SHLV, and 12% of IDFVSP participants are Aboriginal. Results indicate consistency of results across Aboriginal and non-Aboriginal families.
Bending Like a River – Parenting between Cultures	Parent intervention. Bilingual parenting program. Delivered in community settings or schools. Delivered in a way that encourages safe and stale environments, promotes safety and security and developing parents support networks.	Evidence is emerging. Study by the University of Canberra found the program contributed to fostering understanding of the impact of culture on parenting: parental knowledge of the school and child protection systems, child abuse laws and the use of non-physical discipline.	CALD families with children 5-12 years. Families identified as experiencing hardship such as intergenerational conflict, inconsistent school attendance and use of harsh discipline techniques.	Designed for CALD families.
Weaving The Net **Delivered through ECAV in NSW**	Parent and community intervention. Child protection prevention program for Aboriginal communities. Delivered through elders via a series of workshops, including activities on country. Delivered by Aboriginal educators with experience in child abuse and neglect and DFV.	Build social and community connectedness. Strengthening community commitment to combat child abuse and neglect and violence generally.	Aboriginal communities with a history of intergenerational trauma. Communities with a high prevalence of **DFV** and child abuse and neglect.	Designed by and for Aboriginal communities. No quantitative empirical evidence available.

Targeted responses to children and families with wellbeing and safety issues are impact on family functioning

Model name and jurisdiction	Program description and costs	Outcomes achieved	Potential target cohort for NSW	Evidence of success with Aboriginal children or families
Parenting support and resources				
Triple P	Parent intervention. Parenting program ranging from group information to intensive individual parenting training.	Providing safe environments for children through parenting training. Child safety and security. Child health and development and early learning.	All NSW families identified as living in disadvantaged communities. Step up options within the program. Ages 0-18 years.	Some evidence of success with Aboriginal families including small Canadian study conducted with Aboriginal families.
Home Interaction Program for Parents and Youngsters (HIPPY)	Parent and child intervention. Strengths based parenting program to develop child skills and confidence to start school. Works with family in home and at a centre to support school readiness. IPPY promotes access to other early childhood supports.	Improvements in developmental domains necessary for school commencement.	Ages 3-5 years. Disadvantaged families.	Evidence of success in other jurisdictions with Aboriginal communities: Northern Territory, Western Australia and South Australia.
Parents As Teachers (PAT)	Parent and child intervention. Home visiting program for first three years of life. Providing information and support to engage parents with a strong foundation for child development, parenting support and early detection of developmental delays/health issues.	Improved child cognitive and language abilities and social development.	Ages 0-3 years. Disadvantaged families. Early identification of child health or developmental concerns.	No evidence.
I Can Solve Problems	Child intervention. School based emotional and social wellbeing program.	Sustained improvement in behaviour of children.	Children aged 4-12 years from disadvantaged families.	Unknown.

Services to strengthen communities

Model name and jurisdiction	Program description and costs	Outcomes achieved	Potential target cohort for NSW	Evidence of success with Aboriginal children or families
Whole of community initiatives - initiatives that are best co-designed locally with communities				
Aboriginal Child and Family Centres (ACFC)	Parent and child intervention. Provision of low cost early childhood education. Provision of parenting programs, community activities and social groups via a Community Hub. Located in communities with high numbers of vulnerable families.	The Centres reach isolated Aboriginal families. The 2014 evaluation showed 78% of children attending child care within the ACFC's had not accessed child care previously. The proportion of Aboriginal children in those communities who have had health checks increased from 81% to 95%. A range of services were provided to families through the ACFCs. 65% of those families had not used those types of services before.	Aboriginal families within identified communities where access to early childhood education is limited.	This is an Aboriginal program. Community Hub activities are designed locally with the community.
The following programs show promise and are developing a local evidence base.				
Abecedarian	Parent and child intervention. Developing language skills of Aboriginal children. Uses a suite of teaching and learning games to ensure Aboriginal children are ready for school.	Longitudinal studies conducted including randomised control trials. Results: ▪ higher cognitive test scores and academic achievement ▪ completed more years of education and were more likely to attend university ▪ were older when their first child was born	Children aged 0-5 years from Aboriginal communities, particularly low income families and families where parents have low literacy levels.	Designed as Aboriginal specific program. Operating in Western Australia in three locations.

Appendix 4

The care allowance

The care allowance

In 2014-15, the NSW Government spent more than $400 million on financial support payments for carers of children in statutory, supported, and guardianship care. This represented 45% of FACS total OOHC budget spend.

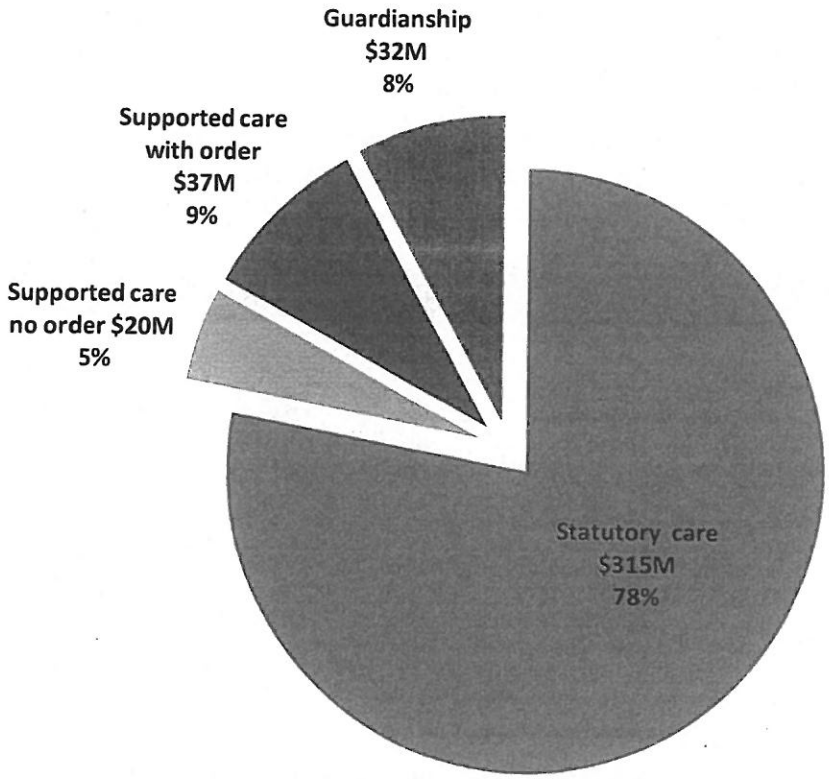

Figure 38 Financial support provided to carers by care type in 2014-15[36]

The growth in the OOHC population is unsustainable and as a result expenditure on care allowances is also growing. The current payment method is designed to provide more autonomy to carers to make day to day decisions about the needs of children and young people. The care allowance is not aligned to any specified outcomes for the child or the placement. However, different payment structures could influence the use of the payment. This has been demonstrated by the introduction of the Teenage Education Payment (TEP), paid to eligible carers to assist 16 and 17 year olds remain in education and training.

On 23 March 2016, the Cabinet Expenditure Review Committee approved in principle an additional $190 million in funding over 4 years for the reform initiatives recommended in the Interim Report, subject to FACS investigating how reducing allowances to rates in other States and Territories can free funding for additional reform measures.

Statutory care allowance and contingency payments will be reviewed as part of the recontracting of NGO OOHC contracts which is currently underway. This analysis will therefore focus on supported care and guardianship allowances.

[36] Based on average allowance and contingency cost.

Care allowance policy settings

In NSW, the provision of financial assistance for children and young person in OOHC is provided under the *Children and Young Persons (Care and Protection) Act 1998.*[37] Financial assistance may take the form of a grant, an allowance or a refund of expenditure, or other form of financial assistance.

Foster, relative and kinship, and guardianship carers receive a fortnightly allowance based on the age and assessed care need of the child. The allowance provides carers with the autonomy to make everyday decisions about the needs of children in their care. It also supplements the everyday living expenses of raising a child. The table below shows the care allowance annual rates by care type. These rates do not apply to NGOs. NGOs determine the level of financial assistance provided to carers.

In addition to the fortnightly care allowance, FACS provides carers with the opportunity to be reimbursed for ad hoc expenses, such child care, dental or private education through contingency payments. In 2014-15, FACS on average reimbursed carers $3,800 (annualised) per child in FACS OOHC.

Type of care	0-4 years	5-13 years	14-15 years	16-17 years
General care: ▪ Foster care ▪ Relative and kinship care ▪ Supported care ▪ Guardianship	$11,800	$13,300	$17,900	$11,900
General care - plus 1	$17,800	$20,000	$26,800	$20,800
General care - plus 2	$23,500	$26,300	$35,400	29,500
Intensive foster care	$43,100			
Post-adoption	$3,000 first year, reducing to $1,500 in the second year ongoing			

Supported care

NSW is the only jurisdiction that provides supported care as a type of OOHC. There are two types of supported care placements:

i. Supported care with an order (by the NSW Children's Court or the Family Court of Australia[38]; or

ii. Supported care without a court orders, instances in which FACS has determined that the child or young person is in need of care and protection and a supported care allowance is paid.

In 2006, FACS changed its care allowance policy to broaden the eligibility criteira so that carers of children in supported care received the same level of financial support as statutory carers. Additionally, changes were made to removed the requirement that other Commonwealth benefits, such Family Tax Benefit Part A, be offset against the care allowance.[39]

Figure 39 below shows that the annual growth in OOHC total expenditure from 2006 to 2009 was mostly driven by the significant increase growth in the number of children in care. The number of children in care grew by nearly 50% over this time period.

[37] s 161.
[38] *Children and Young Persons (Care and Protection) Act 1998,* s 153(4).
[39] Boston Consulting Group (2009) *NSW Government Out of Home Care Review: Comparative and Historical Analysis*, report prepared for the NSW Government, accessed at: http://www.community.nsw.gov.au/__data/assets/pdf_file/0018/322164/bcg_report.pdf.

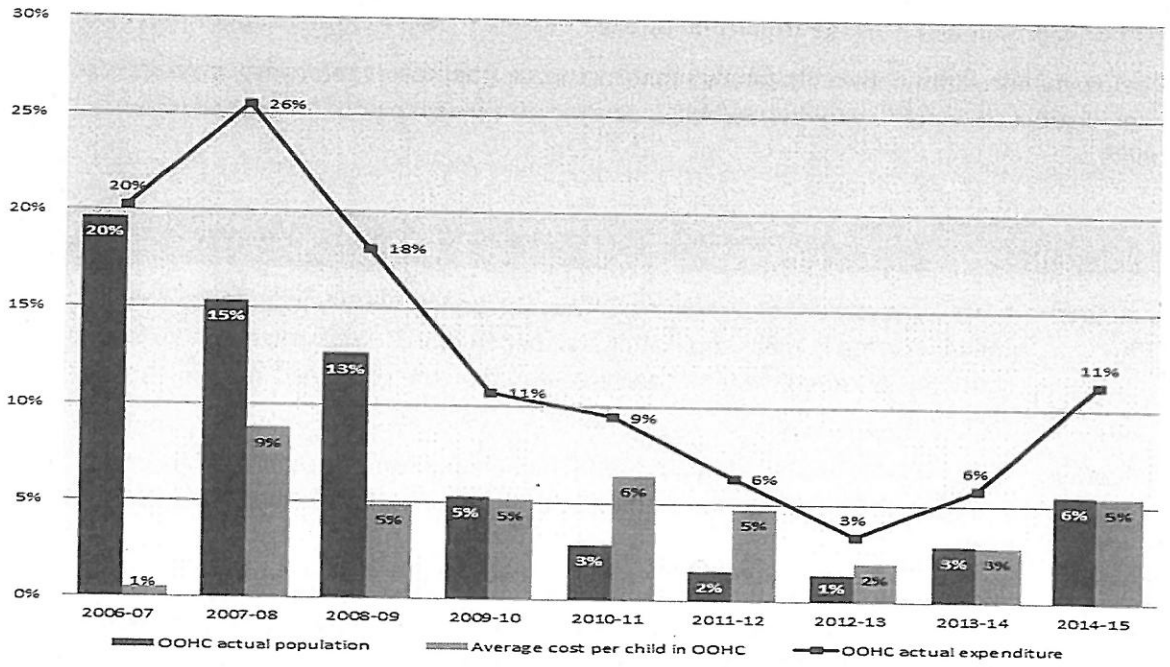

Figure 39 Annual growth comparisons: total OOHC expenditure, OOHC population, average OOHC cost per child

Guardianship care

Guardianship care is a new permanent placement option introduced as part of Safe Home for Life child protection legislative reforms. FACS may provide financial assistance for children in guardianship care.[40] In practice, FACS provides the same level of financial support as children in statutory or supported care. This assessment is currently made with the understanding of an ongoing allowance until the young person is 18 years of age.

All new guardianship orders are made by the Children's Court. The court must take into account a carer's ability to provide for the child or young person until 18 years. Financial considerations form part of this decision.

On the 29 October 2014, 2,300 children and carers were deemed to be under a guardianship order as a result of the Safe Home for Life legislative reforms. The majority of these children were previously subject to court orders from the Children's Court which gave full parental responsibility to a relative carer. FACS made a commitemnt that these carers would not be financiallydisadvnataged as a result of the reforms, and all carers retained the same lvele of care allowance.

[40] *Children and Young Persons (Care and Protection) Act 1998*, s 79C.

Carers of children in supported and guardianship care are eligible to receive other support payments

The table below outlines Commonwealth family support schemes that foster carers may be eligible to access. The Commonwealth uses a broad definition of foster care which applies to both formal and informal care arrangements.

Family Assistance	
Family Tax Benefit Part A and B	Carers may be eligible to claim a Family Tax Benefit Part A and B for children or young people placed in their care. Family Tax Benefit Part A is designed to help families with the costs of care of children, and is assessed on the combined family income and paid per child.
Family Tax Benefit Part B	Additional assistance to families with one main income, including single parent families. Payment is based on the age of the youngest child and is subject to an income test.
Large Family Supplement	Carers who receive the Family Tax Benefit for three or more children will automatically receive an extra amount for each child after the second child. The Large Family Supplement is paid in addition to the Family Tax Benefit Part A.
Parenting Payment	This payment is made to a single carer with at least one child under 8 years of age or to a partnered carer with at least one child under 6. Registered and active carers are exempt from the work requirements for this payment.
Child Care Benefits	
Child Care Benefit	Assists with the cost of child care for long day care, family day care, occasional care, outside school hours care, vacation care and registered care. An income test applies.
Grandparent Child Care Benefit	Grandparents with primary care of their grandchildren may be entitled to extra assistance. Eligible grandparents who receive an income support payment, such as the age pension, may receive the Grandparent Child Care Benefit. This covers the full cost of approved child care for up to 50 hours for each child, each week. Grandparents who are employed or self-funded retirees are subject to an income test.
Child Care Rebate	Assists parents or guardians with out of pocket expenses for approved child care. The Child Care Rebate covers 50% of out of pocket expenses, up to a maximum of $7,500 per child.
Other Benefits	
Baby Bonus	The carer could qualify for a proportion of the Baby Bonus if the carer has care of a newborn within 26 weeks of birth and are likely to continue to have care of the baby for at least 26 weeks. From 1 January 2009, the Baby Bonus is income tested and is paid in 13 equal fortnightly instalments to the child's primary carer to assist with the costs associated with the birth or adoption of a baby.
Maternity Immunisation Allowance	This is a non-income tested, one off payment to encourage immunisation in children. Only one carer can qualify for the Maternity Immunisation Allowance, except in shared care situations. Where this is the case, the payment can be split according to the percentage of care each person provides.
Double Orphan Pension	This is a non-income or asset tested payment made in the following circumstances: ▪ both parents of the child have died, or ▪ one parent has died and the whereabouts of the other is unknown, or

	▪ one parent has died and the other is serving a prison sentence of at least 10 years, or is held on remand and charged with an offence that may be punishable by imprisonment for a term ▪ of at least 10 years, or ▪ one parent has died and the other parent is a patient of a psychiatric hospital or nursing ▪ home indefinitely, or ▪ the child is a refugee who has not lived in Australia previously and both parents are outside Australia or their location is unknown. The child must be under 16 years of age or a full time dependent student aged 16-21 years of age who is not receiving Youth Allowance.
Foster Child Health Care Card	Available to grandparents and relatives caring for a child through either an informal or formal arrangement. This card is issued in the child's name and can be used for benefits (such as concession rate prescription medicines). No income or assets test applies.
Disability support	A carer may be eligible to access a number of benefits if the child in their care is under 16 years of age and has a physical, intellectual or psychiatric disability that is permanent or likely to continue for an extended period, such as, including the carer allowance or the carer payment (an income support payment) for carers who are unable to participate in the workforce due to the demands of their caring role.
Child Support Scheme	Carers of a grandchild or grandchildren under 18 years of age (for 128 nights or more a year, or 35% of the time) can apply to the Child Support Agency for child support.

The cost of caring for children in OOHC is on average 50% higher than for children not in care (e.g. higher costs due to wear and tear and damage to household items such as furniture, fittings, appliances, linen/towels). Figure 40 below indicates the NSW fortnightly care allowance appear to largely cover the everyday living expenses of raising a foster child. This analysis excludes the contingency payments paid to carers for ad hoc expenses. As such, it could be argued the care allowance duplicates funding for standard costs already covered by the Family Tax Benefit.

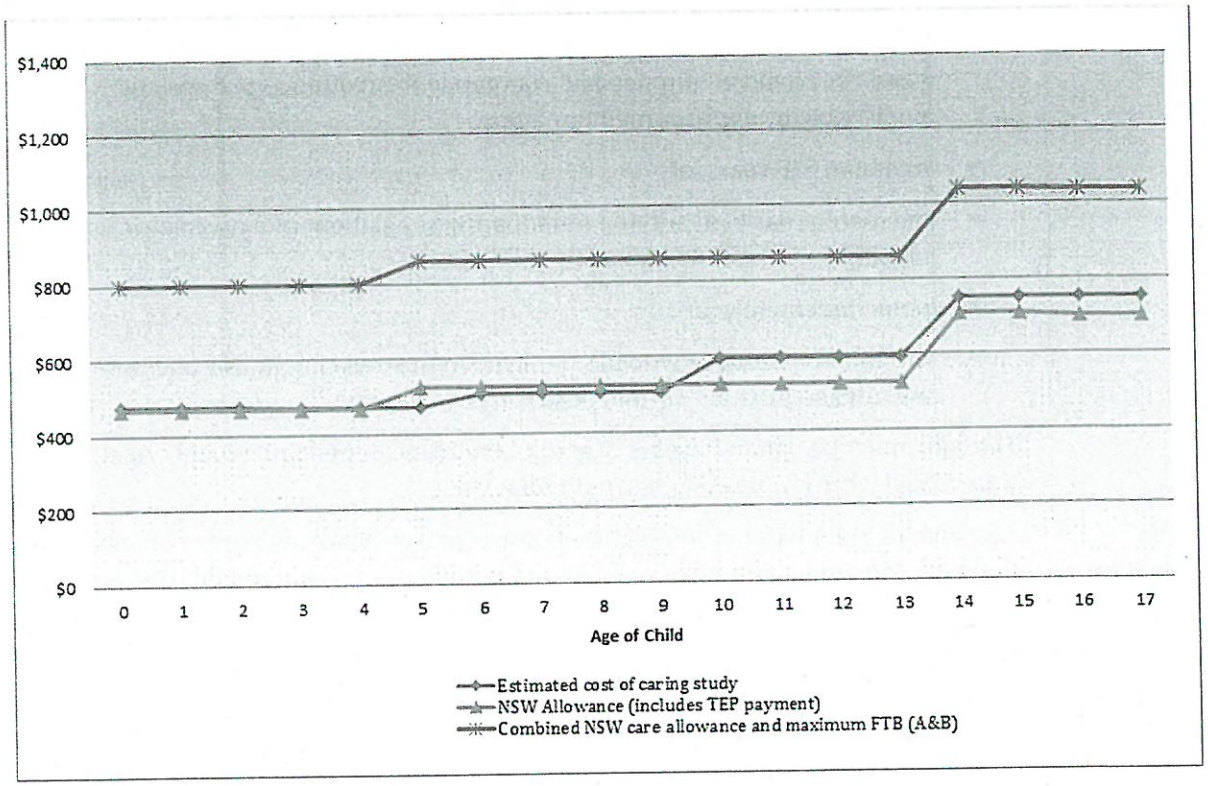

Figure 40 Fortnightly NSW care allowance compared to estimated cost of caring

However, the extent to which carers are accessing Commonwealth family support payments is not known. There is scope for NSW to work with the Commonwealth to identify the carers who are accessing Commonwealth payments with a view to removing barriers and better targeting the NSW care allowance.

How does NSW compare to other jurisdictions?

Figure 41 below compares NSW standard care allowance to Queensland and Victoria, by age. The NSW standard care allowance appears to be similar to Queensland for children up until the age of 13 years. However, for children aged 14-15 years, the NSW allowance increases up to approximately $18,000 per annum, which is $4,000 more than Queensland (30% higher). The Victoria care allowance is approximately $4,000 less than NSW for all age categories, except for children aged 16 and 17.

In July 2012, FACS introduced the TEP, a new payment to assist carers with the cost of education. This payment recognises the crucial role carers play in encouraging and supporting the young people in their care, and the importance of education and training in securing a positive future. The TEP is an annual amount of $6,000 paid in instalments of $1,500 at the start of each term to eligible carers to assist 16 and 17 year olds in education or training. The combintaion of the care allowance and the TEP raises FACS financial support for this age cohort to $18,000.

It should be noted that interstate comparisons are difficult due to different policy settings and variations in the cost of living. As such, caution needs to be exercised in intrepreting differences in payments.

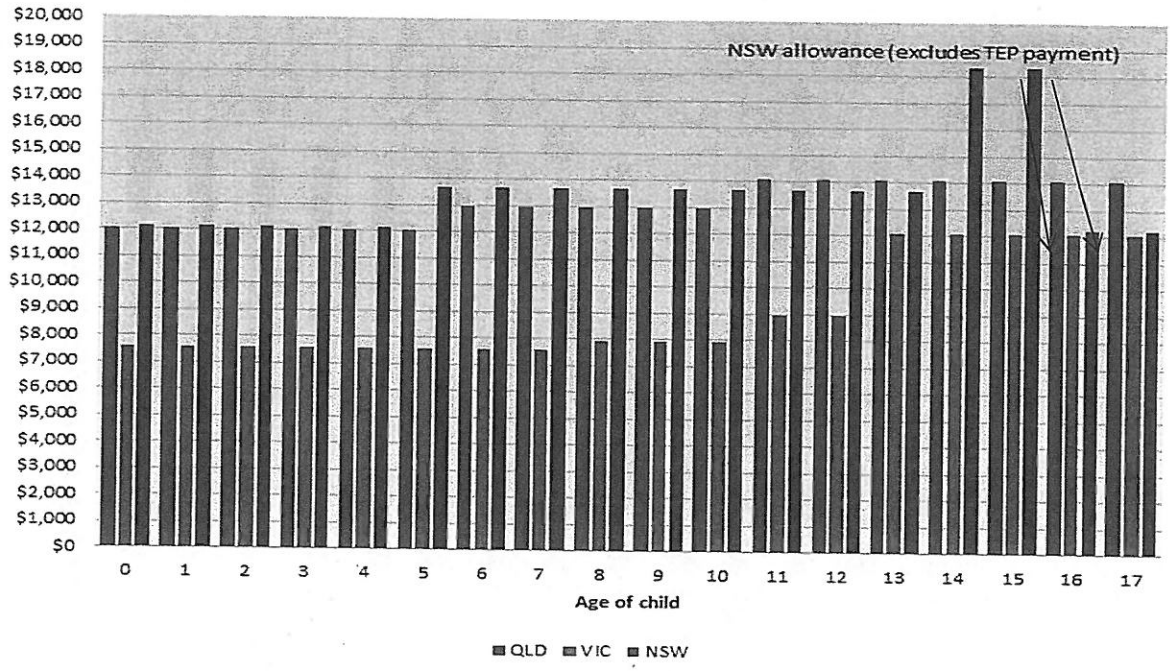

Figure 41 Interstate comparison of care allowance policy, by age category 2015-16

Supported care without an order should cease as an option of care

There are approximately 1,300 children in supported care without an order, incurring $20 million per annum in support payments to carers. Typically, children in supported care without an order have minimal to nil casework support, and traditionally the carer assessment is less comprehensive. This has meant that some of these children may be in placements that do not meet their safety and wellbeing needs, or do not facilitate a pathway to a more permanent placement. In 2014, the Safe Home for Life legislative reforms introduced a two year cap on supported care placements without an order. This reform is yet to be implemented.

For the above reasons, it is proposed that supported care without an order cease as a placement option from 28 February 2017. Carers of these children will continue to receive a care allowance up to a cap of two years. This would result in an estimated $20 million per annum saving for the FACS OOHC budget in 2018-19. This funding would be reinvested in child protection and OOHC reforms.

The estimate of $20 million in savings may be reduced if children in supported care without an order are considered in need of care and protection by the Children's Court. Although their placement will not change, the court may make a statutory care order or a guardianship order. Both of these orders allow for a care allowance to be paid for the length of the order (i.e. to 18 years). However, it is expected that a number of children in supported care (without an order) would not meet the threshold for statutory care and protection.

Figure 42 Estimated reduction is carer support payments, as children in supported care without an order (n=1,300) category, grandfathered option

Supported care with order from the Family Court of Australia could be structured to include other support payments

Providing financial support to supported care and guardianship placements until a child is 18 years of age places an ongoing financial responsibility on the already unsustainable OOHC system. It could be considered that supported care with an order and guardianship orders are structured to include other support payments, such as the Family Tax Benefit, which carers may be eligible to receive.

Support required by children in guardianship

Guardianship orders provide stability for children and young people until 18 years of age. It is a suitable arrangement for children and young people being cared for by relative; a substantial cohort in OOHC. These carers and children are not suitable candidates for open adoption and would otherwise remain in long term statutory OOHC. Guardianship provides consistency but no ongoing contact with FACS. This removes the cost of a caseworker.

Suitable families are being encouraged to consider guardianship orders. Families on guardianship orders are currently being monitored for ROSH reports and returns to OOHC. To date, only one child has returned to OOHC - due to the death of the carer.

Trials are also underway with Aboriginal families on guardianship orders to consider the best type of support to sustain guardianship placements.

Significant changes to the care allowance at this early stage would undermine the current legislative preference for guardianship orders as a preferred permanency option over long term OOHC. Ongoing monitoring and assessment is required, but a formal review of the structure or timeframe of the care allowance is not recommended at this time.