ACWA submission on the draft Terms of Reference for the IPART Review of Out of Home Care cost and pricing

1. About ACWA

The Association of Children's Welfare Agencies (ACWA) is the NSW peak body representing the voice of non-government community organisations that deliver services to vulnerable children, young people and their families.

Established in 1958, for more than 60 years we have worked with our members, partners, government and non-government agencies, and other peak bodies, to bring about positive systemic reform that will deliver better outcomes to the lives of children and young people, including those living in out-of-home care.

ACWA supports its members by:

- Advocating for the rights, needs and interests of vulnerable children and young people.
- Providing strong sector leadership – gathering knowledge, examining new concepts and promoting best practice.
- Providing flexible, affordable and tailored training and development through the Centre for Community Welfare Training (CCWT).

ACWA's membership comprises the largest group of not-for-profit agencies delivering out-of-home care services in NSW through the Permanency Support Program. Many of our members deliver these services nationally and serve diverse communities. A full list of ACWA's membership can be found on our website https://www.acwa.asn.au/our-members/.

This submission is informed by the considerable experience, expertise and valuable insights shared with us by our member agencies and should be read alongside any individual submissions made by our members which draw out the themes in this document in more detail.

2. Feedback about the tasks identified in the Terms of Reference

ACWA wishes to thank the IPART for providing the opportunity to stakeholders to give feedback on the Terms of Reference for its review. We welcome the opportunity to have input into this important work to establish the true cost of delivering quality out-of-home care in NSW.

In this section we have outlined suggested additions and amendments to further strengthen the Terms of Reference with the intention of maximising the results from the review.

<u>The tasks – Item 1</u>

IPART is requested to:

1. *Investigate and report on the efficient costs for DCJ and non-government providers, of providing out-of-home care, including the costs of:*
   a) *Facilitating and administering the Permanency Support Program*
   b) *Casework, including responding to child protection reports, assessing safety, case planning for permanency, placement monitoring and supporting children and carers*

c) *Administration and corporate overheads*
d) *Additional casework and legal support required by service providers to support court work when children are on interim court orders*
e) *Any other activities relevant to providing out-of-home care*

2.1 Describing the context and scope of the task

Recognising the full suite of out-of-home services

Under the Permanency Support Program, agencies are funded and expected to work collectively towards achieving the overarching goals of the program:

- reducing the number of children and young people entering care
- reducing the time children and young people spend in care through restoring them to their families and other significant people in their lives, or finding other permanent homes
- delivering a better care experience through supporting the individual needs of children and young people and their recovery from trauma

While 'Facilitating and administering the Permanency Support Program' is one of the costing areas, the remaining areas listed under item 1 of the TOR suggest a narrow scope will be taken in examining out-of-home care. We suggest that 'the tasks' reflect the full suite of services delivered under the umbrella of out-of-home care – see suggested amendment to item 1(b) in section 2.2.

Signposting 'quality' and 'efficiency'

ACWA welcomes the recognition given by IPART to the need for both 'quality' and 'efficiency' in delivering out-of-home care services in describing the context for the review. However, in describing the task for investigation at item 1 of the TOR, the word 'quality' has been omitted and should be added to ensure the review maintains a dual focus on quality and efficiency.

2.2 Areas for investigation

To properly examine what delivering quality services necessarily involves, and some of the key drivers behind longstanding inefficiencies in the system, we would submit that the 'areas for investigation' should be expanded to include the cost areas and related core components listed below to ensure the 'end to end' cost of delivering care is calculated:

Suggested additions

- **Efficiency versus Efficacy** – the cost of providing out-of-home care must be considered in relation to the desired impact for investment. For this reason, any costing analysis must be based on what the investment will deliver for vulnerable children and families, rather than conducting a costs/efficiency analysis on its own.
- **Delivering trauma-informed and quality care** – including through offering flexible and tailored supports and services to meet the complex and diverse needs of individual children and young people; embedding safeguarding, clinical and wider practice governance frameworks; and ongoing evaluation and continuous improvement processes.
- **Recruiting, training and retaining an appropriately skilled and trained workforce** – including the costs of attracting, recruiting, supporting and retaining carers against the background of significant carer shortages and cost of living pressures; and the impact on the workforce of wage barriers, high staff turnover, sector-wide workforce shortages; and a reliance on labour hire staff and overtime pushing up overall operating costs.
- **Collection, analysis and reporting key service and outcome data** – including the costs associated with maintaining internal agency data processes; meeting external contract reporting requirements to the department; and duplicated effort linked to limited interoperability of the existing child protection system database with agency systems.

- **Meeting regulatory compliance requirements** – including OOHC accreditation, child safe standards, reportable conduct scheme, NDIS Quality and Safeguards (for registered NDIS providers), Safe Work and industrial instruments.
- **Capital development costs for housing/accommodation** – including increasing costs to procure suitable accommodation for young people (via both rental and property sales market) and increasing insurance costs for property damage.

Suggested amendments

Under item 1(b) 'Casework', specific recognition should also be given to key activity areas relating to the delivery of out-of-home care in addition to those already included, such as:

- liaising with intensive family supports and child protection services; finding family and significant others, restoration practice, accessing specialist services; leaving care planning, and transitioning young people to independence, after care supports as well as extending emotional support into adulthood.

Under item 1(c) administration and corporate overheads, specific recognition should be given to:

- **cost of risk mitigation and related insurances** – workers compensation premiums, property insurance, public liability insurance (including physical and sexual abuse cover)
- **internal and external administration –** differentiating between the cost of necessary administration (both internal and external) and that which is unduly bureaucratic, inflexible and ultimately, non-person-centred and when this is outside the control of agencies.
- **inflation and CPI pressures** over recent years

Embedding 'core components' into costing areas

Without seeking to be overly prescriptive, we consider there would be value in adding the 'core components' which underpin the costings for each of the areas identified to ensure consistency in coverage of relevant issues and calculations across the NGO sector and the department.

3. Feedback about the benchmarks identified in the Terms of Reference

IPART is required to:

Develop benchmark costs for DCJ and non-government organisations for a child or young person in out of home care:

a) In relative and kinship care
b) In foster care
c) Living independently
d) In residential care through Intensive Therapeutic Care service types based on varying levels of intensity
e) In High-Cost Emergency Arrangements including Emergency Placement options (Short Term Emergency Placements (STEP, Individual Placement Arrangements (IPAs) and Interim Care Model (ICM)

Suggested additions and amendments

- The terms of reference should make explicit in seeking to benchmark costs of delivering quality care, the distinction between 'not-for-profit' providers and 'for-profit' providers in relevant categories above. We suggest reflecting this issue in the lead in sentence to the first item.
- There is an increasing need, especially to reduce the number of children residing in non-home like and high-cost emergency placements, to utilise more intensive home-based foster care models similar to the Therapeutic Home-Based Care (THBC) model offered under the

Intensive Therapeutic Support (ITC) program. We suggest specifically reflecting this in item 1 (b) by amending it to read: 'In foster care (including intensive home-based care options)'.

4. Feedback about areas for recommendation

IPART is requested to:

3) Make recommendations on:

- *Appropriate pricing structures and levels to incentivise outcomes and delivery of services by contracted providers*
- *A methodology for adjusting prices paid to non-government providers going forward*
- *Care allowances for providing care and support to children and young people in out-of-home care*

ACWA suggests there would be merit in adding the following additional areas for recommendation:

- Further tax concessions and other economic incentives to attract and retain foster carers and suitable workers
- Methods for removing identified inefficiencies in the system and unnecessary red tape – such as simplifying funding and acquittal arrangements, including reviewing the baseline packages across each Child Assessment Tool (CAT) level and the whole Complex Needs and Additional Carer Support Payment mechanisms.
- The costs and benefits of the department investing in a fit for purpose database to alleviate existing duplication of data entry and enhancing data collection/reporting capability.
- The value of investing in the infrastructure required to deliver a contemporary care model which promotes quality and safety similar to the NSW Clinical Excellence Commission funded by NSW Health.

5. Relevant considerations to inform the review

Relevant considerations

In undertaking these tasks, the Tribunal should consider:

- *The roles and responsibilities of government as steward and funding provider, and non-government and government as service providers*
- *Differences in levels of need, case complexity and casework requirements driving the amount of casework required to conduct permanency planning, and to support children, young people, carers and families.*
- *Whether there are additional costs for Aboriginal Community Controlled Organisation (ACCOs) PSP providers*
- *The current contracting arrangements to ensure quality care is provided*
- *Simplifying funding arrangements*
- *Any other matter the Tribunal considers relevant*

Additional relevant considerations for the review

In undertaking its review, ACWA considers the Tribunal should explicitly refer to the following 'relevant considerations':

- **The voices of those with lived experience of the out-of-home care system** – as always, consulting with children, young people, parents, carers and communities would be very valuable in gaining an understanding of what makes a quality out-of-home care program.
- **The additional costs of providing services in regional and remote areas** – costs for providers vary significantly between metropolitan, regional and remote locations due to travel

and associated time costs, thin markets for carers and specialist workers, and less ready access to health, transport and other services.

- **Examining the costs and benefits of NGOs delivering certain universal and secondary services critical to child protection** – such as health, mental health, drug and alcohol, early childhood and education – given the challenges in accessing such services as against the costs of seeking to engage people on the cusp of entering the child protection system.
- **The additional costs for PSP providers serving culturally and linguistically diverse communities** – ensuring that every child is connected to their community and culture beyond the development of a cultural care plan.
- **Inefficiencies in the overarching administration of the system outside of the direct control of service providers** – for example, burdensome processes involved in service providers seeking funding to meet identified additional Complex Needs and Additional Carer Support.
- **The costs associated with the transition of Aboriginal children to the care of ACCOs** – this important commitment should be specifically sign-posted and the review should seek to understand the related financial and resource costs for ACCOs who are being called upon to quickly stand up new agencies and expand the footprints of existing agencies; and the cost implications for non-Aboriginal providers who are strengthening relationships with the ACCO sector and preparing children and carers to transfer.

6. Other factors to consider

In undertaking its review, ACWA wishes to draw the following issues to the attention of the Tribunal to provide relevant context in formulating its review methodology and recommendations:

Streamlined arrangements which promote stability, flexibility and innovation are essential

- One of the main challenges facing the out-of-home care system stems from the unacceptable over-reliance on high cost Alternative Care Arrangements (ACAs) which involve unaccredited for-profit providers accommodating children who cannot be placed appropriately in foster care or residential care in hotels/motels/caravan parks with 24-hour staffing at substantial cost to this state, and importantly, to the wellbeing and sense of stability of the children living in these situations. The sector has called for an end to the use of these placements.
- At the same time, ACWA members have highlighted the need for greater certainty of funding and flexibility in funding and approval processes, to allow accredited not-for-profit providers to stand up a range of home and residential-based care options, tailored to suit the needs of children who cannot live in mainstream foster care placements, and to help reduce the reliance on ACAs.

Understanding existing financial constraints and the true cost of care

- ACWA agrees there should be a continued focus on continuous performance improvement and financial sustainability by agencies involved in delivering out-of-home care, but to properly understand these issues, it's necessary for the review to consider the significant financial constraints the non-government sector has been operating under for some time, and what it has achieved for vulnerable children and young people despite these constraints.
- In this regard, it is important to take account of the cross-subsidisation across programs run by agencies to maximise the number of children and young people being supported. These subsidises are often drawn from agency fundraising and revenue generating activities but these options are not viable long term funding sources.
- ACWA welcomes the review making clear that the cost of providing out-of-home care must reflect differences in levels of need and complexity, and the related casework needed to effectively support children, young people, carers and families. It will be essential for the review to consider the significant additional costs incurred in providing complex therapeutic

care, especially for those children living in residential services who are unable to live in mainstream foster care settings.
- This review provides an opportunity for the real cost of delivering residential and other forms of care and the gap agencies are filling to be transparently articulated.

The value-add of the non-government sector

- The value-add provided by the not-for-profit sector – which has a long history of delivering not only out-of-home care, but a range of other essential related services across family preservation, early intervention and prevention, disability, and early childhood – is worthy of measurement. This is particularly relevant to realising the goal of a joined-up service system in NSW, which identifies and responds early to risks to the safety, wellbeing, and long-term stability of children and reduces the longer-term costs of unemployment, mental health, and incarceration on the wider community.
- It is also critical that when considering the issue of 'cost', the Tribunal pays due regard to the value of the investment made by the NGO sector in research, ongoing practice and policy development, enhancing workforce skills and capabilities, and advocating for the rights of vulnerable children, young people, and their families, and how the entire community benefits from this investment.

The need for a sophisticated child protection data system

- The Department's child protection system database – ChildStory – was introduced around the same time as the implementation of the Permanency Support Program. This created substantial challenges for the sector and related negative impacts, as the system did not deliver on promises around interconnectivity between departmental and service provider operating systems, causing substantial burdens on provider resources; nor did it include adequate payment and reimbursements mechanisms, causing service providers to carry substantial debt.
- Many agencies have also incurred considerable debt to develop their own data systems to monitor their performance against carer and child outcomes.
- ChildStory remains a limited source for efficiently collecting and reporting business activity data and outcomes achieved through the PSP program. While some progress has been made over the past five years, the review should consider the past and future impact of maintaining an inefficient systemic data platform.

7. Ongoing contact

ACWA wishes to thank the Tribunal once again for seeking feedback from stakeholders across the OOHC sector. We trust that the information in this document will help to inform the Tribunal's work. As noted previously, ACWA is keen to continue to assist the Tribunal by connecting it with our member agencies and facilitating discussions on areas of interest. ACWA has established a project team and member agency advisory group to guide our work in supporting the IPART review process.

If you have any questions about our submission, please do not hesitate to contact me (maree@acwa.asn.au) or Julianna Demetrius, ACWA Senior Consultant (julianna@acwa.asn.au).

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