

## Evidence Submitted to the Housing, Communities and Local Government Select Committee Inquiry into funding and provision of children's services

### Introduction

The Children's Commissioner is keen to ensure that local authorities have the resources necessary to meet the needs of children in their area. While this is a simple proposition, in order to assess it, we have to be able to answer three questions:

- 1) What are the needs of children which local authorities ought to meet?
- 2) What is currently being spent meeting these needs?
- 3) How does spending map onto the needs of children?

Unfortunately, none of these three questions can be answered within the data collected by the Government and the Commissioner has therefore undertaken a series of research projects to shed light on these questions. In this submission, we briefly outline the research undertaken to date, and the further research which is ongoing. This covers four research strands:

1. 'Public Spending on Children 2000-2020' – this research, done by the IFS, maps out spending on children by different Government Departments, and how this has changed over the past twenty years <https://www.childrenscommissioner.gov.uk/publication/public-spending-on-children/>
2. 'Childhood Vulnerability' – this framework has been developed to enable a broad view of childhood and identify the numbers of children who are growing up in England with vulnerability and risks that could affect their lives, wellbeing and life chances. <https://www.childrenscommissioner.gov.uk/publication/childrens-commissioner-vulnerability-report-2018/>
3. 'Local Authority Spending on Children' - a detailed spending project current underway with approximately 10 local authorities, investigating how spending maps onto children's needs, what is spent on which children and which services, supporting which children, are most vulnerable to spending pressures.
4. A voluntary survey sent out to local authorities to understand the nature of financial pressures on the children's services budgets.

This submission outlines headline findings from each research strand, though the detailed work with councils will not be completed until 2019.

The work we are undertaking seeks to recognise the broad nature of the obligations placed on local authorities by the Children's Act 1989. The Act requires support be provided to any child "in need", defined as any child who is "unlikely to maintain a reasonable standard of health or development without the provision for him of services by a local authority" (s.17, Children's Act 1989). This duty applies not only to children at risk of immediate harm, or those who need to be taken into care; the obligation is to *all* children whose circumstances are hampering their prospects and to whom the local authority could provide support. Yet, despite this obligation being the cornerstone of legislation relating to children's social care for nearly 30 years, there has never been an attempt to devise a population-level estimate of how big this population is. The Commissioner's Childhood Vulnerability framework attempts to rectify this.

The other part of the Children's Act which is often overlooked is the obligation to support children by working with families. Section 17 of the 1989 Act obliges local authorities to "to safeguard and promote the welfare of children within their area who are in need; and so far as is consistent with that duty, to promote the upbringing of such children by their families". When assessing the spending and performance of children's services, there is a danger that we look only at the children who are being worked with directly, largely those on Child Protection Plans and those taken into care. But effective social care needs to begin before this, and work, as required by legislation, with families, unless it is not in the best interests of the child to do so. The aim of good social work should be to help the family stabilise so it can function effectively. The Government has re-emphasised this duty within the statutory safeguarding guidance (Working Together) issued this year yet spending is getting ever more focused on the cohort of children requiring the most intensive intervention, at the expense of work with children and families *before* they hit crisis point.

## Public Spending on Children 2000-2020

The table below gives an overview of the major tranches of spending on children in England, and how it has changed since 2000.

Major Areas of Government Spending on Children					
	Current Forecast Spend (bn) (2017/18)	% of total spending on children	Current forecast Spend per Child (2017/18)	% change (per child) 2000/01-2019/20	% change (per children 2009/10 – 2019/20)
<b>Education</b>	£52.6	41%	£4,434	43%	-3%
<b>Welfare</b>	£59.3	46%	£4,995	33%	-17%
<b>Health(1)</b>	£9.3	7%	£800	n/a	n/a
<b>Children's Services</b>	£8.6	7%	£728	60%	-20%
<b>Total</b>	<b>£129.8</b>	<b>100%</b>	<b>£10,957</b>	<b>39%</b>	<b>-12%</b>
(1)Figures for health are for 2015/16 (in 2017/18 prices). Limitations on the available data mean that the analysis is unable to report more recent figures, or say how this has changed over time.					
The two major areas of spending on children excluded from this briefing are policing and youth justice. Children account for considerable spend in these areas, but this is poorly quantified and so the IFS was not able to include it within their analysis.					

For the purpose of this submission we have focused on two local authority budgets: the high needs element of the overall education budget, and children's services.

## High Needs

The high needs budget is £5.5bn (2017/18 forecast), from which local authorities are expected to support all children with special educational needs from early years through to age 25. This includes additional help delivered within schools, nurseries or at home (such as speech and language therapy) right through to

highly specialised residential schools. It also includes the funding of Pupil Referral Units and Alternative Provision.

The budget has increased by 8% since 2013/14 (when it was first established in its current form). However, there has been growing pressure on this budget caused by increases in the numbers of children attending special schools. Since 2012 there has been an increase of 17,300 children in special schools driven by a rise of over 50% in the numbers of children with autistic spectrum disorder, from 18,900 to 29,800, and an increase of nearly 2,800 pupils with severe learning difficulties. IN addition, there are a growing of children enrolled in Alternative Provision or Pupil Referral Units<sup>1</sup>.

These costs reduce the funding available to local authorities for additional support within mainstream education such as school counselling, educational psychologists and speech and language therapy. As a result, these services may be cut or need to be funded from core school budgets. The Children's Commissioner is currently undertaking a nationwide data-collection exercise to understand the balance of spending between local authorities and CCGs in relation to spending on speech and language therapy, a key part of this in-school provision.

### Children's Services

Overall children's services spending was £8.6bn last year, down from a peak of £9.7bn in 2009/10. The IFS estimate that by 2019/20, the children's services budget will have fallen by 14% since 2010. When we account for growth in the number of children, this equates to a per-child cut of 20%.

Within the children's services budget there are four distinct strands that we can identify at a national level:

- a) Spending on Looked after Children – about £4bn last year, up 22% in real terms since 2010, due to an increase in the population of children in care.
- b) Spending on Safeguarding and Family Support – about £3.3bn last year and largely unchanged in real terms since 2010.
- c) Spending on Children's Centres/Surestart – about £0.7bn last year, a fall of 60% in real terms since 2010.
- d) Spending on "Young People" (including youth services and youth justice) – about £0.5bn last year, again a fall of 60% in real terms since 2010.

Almost half of the entire children's services budget in England is now spent on 73,000 children in the care system – leaving the remaining half to cover 11.7 million children.

## Children's needs and vulnerabilities

The Children's Commissioner's vulnerability framework identifies:

- About 2.1m children living in families with complex needs, including extreme poverty, domestic violence or poor parental mental health.
- Nearly 1m children with recognised special educational needs.
- About 2.6m children with long-term health conditions that limit them in some way, including 1m children who have emotional health issues.

Not all of these children require substantial help, but these are all children at higher risks of harm or poor health, educational or social outcomes; they are all children and families who are likely to benefit from additional help.

Not all of this help needs to come from the local authority; some of it should be provided by health bodies, education and the voluntary sector.

But it is from these broad population groups that the population of children known to children's services is likely to be drawn. Each year, there are about 700,000 children who are on the 'Child in Need' (CiN) register at any point during the year<sup>ii</sup>. In addition, there are 250,000 referrals made to children's services each year which do not meet the threshold for intervention, and local authorities will collect many more 'contacts' about children who are causing concern.

The major factors which lead children to be considered 'in need' are domestic violence or emotional abuse within the home, poor parental mental health, drug or alcohol abuse, and neglect.

However, within the 700,000, the numbers of children getting sustained support is much lower:

- Children in care are a sub-set of the children in need population. The number of children in care has risen steadily since 2007. There were 82,500 children in care at any point in 2008, rising to 102,590 at any point in 2017. Children in care make up 15% of the annual CiN population, yet account for nearly half of total children's services spending.
- Child Protection Plans are also a sub-set of the children in need population. Last year there were 69,000 children who started a child protection plan, with about 54,000 children on a plan at 31<sup>st</sup> March 2018.
- About 10% of children in need are on the list because their primary need relates to a disability which requires support from the council.

This leaves the overwhelming majority of children considered 'in need' – as well as their families - getting temporary and ill-defined support; 62% of children placed on the child in need register come off the register within six-months, meaning that the CiN population at any one time is about 400,000. Each year more than 100,000 children are re-referred within 12 months of a previous referral.

Because the population of children in need is highly fluid, the population of children who have recently been considered "in need" is much greater than the numbers on the CiN register. Until recently, it was not possible to know how much bigger. However, the Department for Education's recent 'Children in Need' review shed some light on this. The review found "that over three years, from 2014-15 to 2016-17, there were 1.1 million Children in Need and at least 1 in 10 pupils in state schools in 2016-17 had been in need at some point in the previous six years"<sup>iii</sup>. Put another way, nearly 10% of the 12m children in England reached the threshold for statutory social services interventions over three years: two or three in an average school class. Half of children in need will be in homes with domestic violence, a fifth are dealing with parental substance abuse<sup>iv</sup>. The prognosis for these children is poor: only a quarter of children in need reach the expected standard of development at primary school, and average attainment at the end of secondary school is half that of the rest of the population.

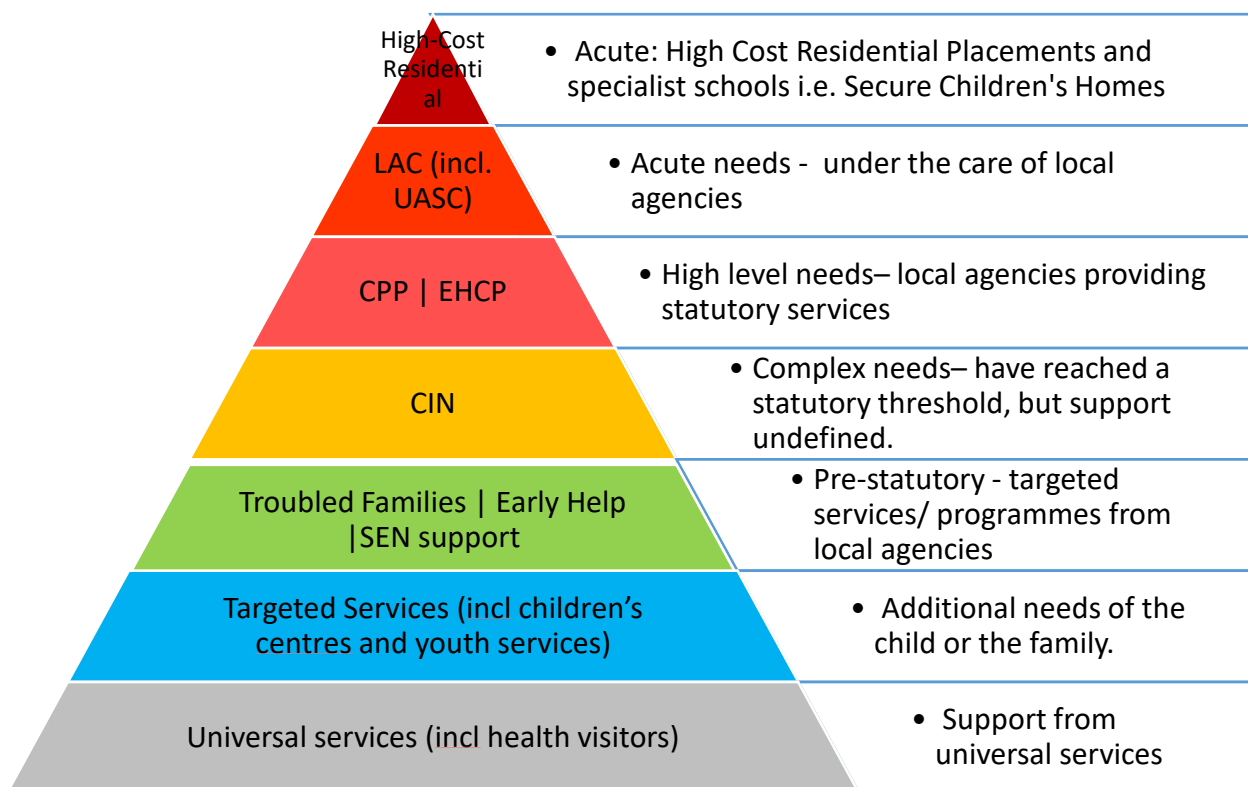
## Developing a model of children's services which maps spending onto needs

The Government's current data collections around both spending and needs of children, make it very hard to connect the two. While the Government does monitor overall spend on children's services, current data fails accurately to capture the different ways this is spent. While the Government monitors the number of children reaching statutory thresholds, there are key gaps within and below these thresholds.

The greatest gaps in our knowledge sit below the level of the looked after children population, where we know broadly how much is spent on "safeguarding", but we do not know how this relates to the services that are provided. For example, within Children in Need we do not know how much funding is provided to those who are considered in need because of a disability, for whom support may include home care and respite, and how much is spent working with families where children are at risk of abuse and neglect. Below this level, we have no national estimate of how many children access 'Early Help' services, so we do not know how many continue to be supported beyond the duration of the child in need plan or to what degree 'Early Help' provision is effective in reducing the need for children to enter statutory social care.

**Because we do not know (a) how much is being spent on children or families being supported below statutory thresholds' and (b) how many children or families are being supported below statutory thresholds, there is a real risk that the Government undertake the spending without being able to forecast the likely impact of funding pressures on these services.**

In order to address these major gaps in our knowledge, the CCO has been working with local authorities to look at how spending breaks down relative to need, what populations of children and families are being supported and how much is spent on each. The pyramid below illustrates this. Our aim is to be able to estimate, for each level of the pyramid: (a) what percentage of children's spending goes on this level of need and (b) how many children with this level of need are being supported. This work will not be completed until Spring 2019. However, below we outline some interim findings based on roundtables held with senior figures in multiple local authorities.



## High Cost Placements for Children with High Needs

Local authorities report that the most acute financial pressure comes from the need to find specialist residential placements for children with significant additional needs. A rough estimate provided to the CCO was that about 10% of placements were what could be described as 'very high cost', typically £4,000 a week or more. Finessing these estimates is a key part of the work currently underway. These placements are usually for adolescents, and in residential homes rather than foster care. These are often children who are self-harming and/or display violent behaviour; many children in such placements are at high risk of going missing. Often these children will have significant mental health and/or learning difficulties. An increasing number appear to be children who need high levels of protection from external threats such as sexual or criminal exploitation.

The costs are high because these are specialist placements, requiring high staff ratios and significant therapeutic intervention (although the quality of these interventions is hard to assess). These costs are greatly exacerbated because of a shortage of placements. It is not uncommon to have multiple, and sometimes dozens, of authorities bidding for one placement. We have heard from local authorities who believe they are paying up to £2,000 per week more than two years ago for an equivalent placement because of the shortage of placements. Several councils have reported to us that spend on placements for children in care has increased by 30% over the past 2 years. Another reported that 10 children in their area were currently taking up 20% of the entire children's services budget.

Failure to find appropriate placements leads to costs spiralling as children are placed either in more expensive placements than necessary, or bespoke placements that are in effect created – such as having only one child in a children's home, or hiring a residential premises and drafting in agency staff to provide 24-hr care.

The shortage of placements also has a huge detrimental impact on children, an issue raised increasingly frequently with our helpline for children cared for by the state ('Help at Hand'). Typical issues include:

1. Children without an appropriate placement housed in inappropriate short-term placements such as temporary flats with round the clock staff, creating yet more upheaval in their lives.
2. Children kept for longer than necessary in highly-restrictive placements such as secure children's homes or secure hospitals because there is no half-way house to enable them to move back towards the community.
3. Conversely, children who are doing well in specialist settings being moved on before they are ready because a child with more acute needs requires the placement.

There is widespread agreement on the need to increase the capacity of residential placements, and reform the commissioning arrangements. Specialist children's homes cover a diverse range of placements, meeting very different needs. For this reason the homes themselves are highly specialised, making it very hard for a single local authority to forecast which placements they are likely to require. This suggests a need for better national and regional mapping and planning. While part of the problem is an increase in demand, we have heard that this issue has been exacerbated by a reduction in local authority-run children's homes, in particular those supporting children with additional needs. These are expensive to establish and have significant financial risks around under-occupancy<sup>vi</sup> and maintenance. Because specialist homes will typically have few children from the home local authority, local authority finance teams see little incentive in meeting these costs.

The Commissioner strongly believe that better placements and commissioning would both improve the experiences of children and reduce costs. This may require an injection of capital funding, similar to the 'transformation' funding which has been repeatedly provided to the NHS. There is an urgent need for the Department for Education to undertake a mapping of the national levels of need for residential placements,

and devise a strategy to increase capacity. If HM Treasury was to provide capital funding to increase the supply of placements the representations we have received from local authorities strongly suggests this would reduce ongoing costs.

### **Looked After Children**

Within the looked after children (LAC) population, our work has focused on those with the most acute needs, as outlined above. This is because there is better national level data on the overall LAC population, and fewer issues have been raised with us regarding the pressures to support LAC with lower needs in foster care.

However, one distinct cohort within the LAC population who are hard to place in foster care, and therefore often end up within highly expensive units of the types described above, are children who enter the care system as teenagers, often because of threats to them outside the home, such as gangs and child sexual exploitation. This trend is reflected in national data.

These children come into care older, are hard to accommodate and stabilise within the care system, and often experience huge amounts of placement instability as a result. The trajectory for these children is too often one of escalation through increasingly expensive and restrictive care placements, without leading to better outcomes. We have been told of cases where a single adolescent entering the care system can receive support totalling a million pounds by the time they reach 18 without having significantly improved their life chances. We need to look at ways to promote greater stability for these children from the point at which they enter care.

But we should also explore the degree to which we can work with these children and their families within the community to reduce their risks, and to promote better outcomes. This might be through a combination of intensive youth work, mentorships and short-term residential placements all aimed at helping divert children from the risks around them. These children need trusting and consistent relationships, something that their experience in the care system rarely delivers. The resources currently being spent on a very small number of high-cost residential placements could fund a significant range of diversionary programmes for the many children who currently get no support at all.

A high-quality youth service is vital both to delivering these better outcomes and to working with vulnerable children experiencing some disruption and risk, but not sufficient for them to be entering either care or child protection. The research we commissioned from the Institute of Fiscal Studies shows this area is where some of the biggest funding reductions have been made.

### **Children in Need and Early Help**

Our work with local authorities is aimed at understanding the total number of children and families who are being supported by local authorities. This is complex because there is a large range of families below the statutory threshold. Appreciating the complexity involved in calculating this figure, and the associated spending, is vital for developing a proper understanding of the pressure on children's services. Each local authority has:

- a) A large number of children about whom the local authority receives a "contact", suggesting some level of concern
- b) A proportion of these contacts translating into a formal referral which is assessed by the local authority. The ratio tends to vary by local authority.

- c) A proportion of these referrals converting into what is broadly termed “early help”. This does not tend to involve social workers directly, but does include support for families, often associated with the Troubled Families programme.
- d) A further proportion who enter statutory social services, either through being placed on the Child in Need register (section 17) or a Child Protection Plan (section 47).

Of these figures, only (d) is contained within national data, yet will only represent a small fraction of the total number of children local authorities are aware of. For example, Authority A may have 16,000 ‘contacts’ about children, 6800 referrals going through a multi-agency referral process whereby the family will be offered some support (either programmes commissioned by the local authority or other agencies) and about 3,500 children being placed ‘in need’. Authority B might have 24,000 contacts, converted into 9,000 referrals, of whom 3,000 are offered structured support by the local authority without being placed on the child in need register and around 5,000 placed on the child in need register.

The reasons why the ratios between the levels varies is largely because of the way similar services are classified. In some local authorities, early help is provided to prevent “contacts” needing to become “referrals”, in others, a common referral process is used for both statutory social services and early help. Similar discrepancies vary between early help, Child in Need and Child Protection Plans. A child may reach the threshold for being counted as a child in need, but not placed on the list if the most appropriate service is part of early help (ie gang prevention). Similarly a child may reach the threshold for a Child Protection Plan, but may be kept on a Child in Need plan (which is voluntary) if the local authority believe the parents are co-operating and they want to build on this co-operative relationship. Furthermore, we know very little about the level of support actually offered to children on Child in Need plans.

These gaps in knowledge are important because they undermine the validity of national level activity data (normally meaning children reaching statutory thresholds) and shows the need to take a broader look at the needs of children.

While the Children’s Commissioner office is working with local authorities to understand these discrepancies in greater detail, our research to date allows us to make the following broad conclusions.

- 1) There is a much larger cohort of children and families receiving some support from local authorities than are captured within Child in Need statistics. **We know that 1 in 10 children reach this statutory threshold over the course of three years, but our research suggests a larger population still receive some help from the local authority.**
- 2) Typically this support is provided to parents to help improve family stability, this can include:
  - a. Family support workers
  - b. Parenting programmes
  - c. Domestic violence support, including programmes for perpetrators and survivors
  - d. Referrals to other agencies (such as adult mental health services or debt support)

(How much of this is funded by children’s services, and how much by other agencies varies by area. For example, domestic violence programmes may be funded by adult services, the NHS or children’s services).
- 3) The cost of this support is far lower than for statutory children’s services. One local authority reported their entire early help budget was roughly equivalent to the cost of the most expensive 10% of placements.
- 4) Assessing the effectiveness of this support is difficult. The children are rarely at immediate risk of going into care, but they are at risk of experiencing family instability and associated trauma.



Alleviating these risks should lead to a broad range of better educational and social outcomes, but these aren't measured. At a micro level local authorities can point to the following evidence as the success of these schemes:

- a. Reducing re-referrals to children's services and the chance of requiring statutory interventions.
  - b. Evidence collected by the Early Intervention Foundation about the effectiveness of individual programmes.
- 5) The Troubled Families programme is a key source of funding for these programmes. It appears to work most effectively when the programme is embedded within a wider local early support offer.
- 6) All of this support is vulnerable to ongoing pressure within children's services and the loss of the troubled families programme in 2020. **The majority of local authorities we have engaged with are planning significant cuts in early help if other funding streams are not provided by 2020.**

## Feedback from Local Authorities

In September 2018, the Children's Commissioner's Office contacted all councils in England seeking information regarding pressures on children's services, high needs and early intervention budgets as well as considering what is needed to replace the Troubled Families Programme, funding for which is due to end in 2020. We posed four questions:

1. Which of your budgets are under the greatest strain and what is needed to alleviate this pressure?
2. What would you like to see replace the Troubled Families programme?
3. What additional powers/resources would you like to see devolved, and what would that enable you to do?
4. Are there any particular issues facing your council which are not being recognised?

We received a wide response from council leaders, lead members for children, chief executives and directors of children's services representing a wide range of local authorities across the country, include a mix of rural and urban and local authorities of different sizes. Please see below for a summary of the key issues raised.

### Question 1: Which of your budgets are under the greatest strain, and what is needed to alleviate this pressure?

The vast majority of councils identified children's services as the budget under greatest financial strain. The high number of children in care and the increasing numbers of young people with complex needs who require specialist placements were areas of particular concern. **Every** response we received from councils highlighted the growing financial strain of providing services for looked after children (LAC) in their area.

Within the LAC population some councils identified the lack of foster carers as adding to financial problems. More problematic was finding appropriate placements for children requiring high levels of care or support. The very high cost of placements in specialist residential settings, for example, place councils in a challenging position regarding the provision of care. Many councils called for a national approach to the placement of children in care and the close management of the placement market.

An issue raised by a number of councils involved the lack of budget to support an increasing number of asylum seeking children presenting in their area. Councils reported that the Government is failing to cover the full cost of meeting the needs of these children. A number of councils are supplementing their spend on this particular group, moving money from other services to balance the books.

Many councils identified a need for increased funding focused on targeted areas concerning the family and early help interventions. A number of councils suggested that increased investment in early years would help relieve some of the financial strain on other services in the long term. Such suggestions typically focused on the need for early help programmes through an enhanced health visitor service and LA support to identify early developmental, safeguarding and vulnerability issues and allow early support and intervention to prevent escalation and a more expensive solution later. Within this, councils recognised the need for investment in front line identification of particularly mental health issues currently occurring in children.

Alongside the pressure on the children's services budget, were concerns about the high needs budget. The financial pressures of maintaining appropriate high-needs funding and providing support in mainstream/special schools was identified by a majority of councils. Many responses focused on the increasing number of children with complex needs in mainstream schools and the cost of extension of EHCPs to 25 years. The lack of funding to support these children, and find specialist school placements

where appropriate, is having a significant financial impact on budgets. Many councils identified the lack of funding for home-school transport for SEND children as part of this problem and the general underfunding of educational support.

Question 2: What would you like to see replace the troubled families programme?

The responses we received for this question were broadly similar and focused on the need for a comparable level of funding, focused on the same group of families. In fact, many councils desire a continuation of the scheme as it already stands. What is clear from council responses is that Troubled Families funding has become an integral part of the early help model for many local authorities. A large number of councils made it apparent that without Troubled Families funding, pressure will dramatically increase on children's services. Many councils reported significant impact on early help from the loss of Troubled Families funding.

In responses to this question, councils suggested the replacement for Troubled Families should include sustainable, long-term prevention and early help services. These services should be deployed flexibly in response to the local needs of families and should be supported by other local agencies. They should focus more on children's outcomes.

Question 3: What additional powers/resources would you like to see devolved, and what would that enable you to do?

This question had fewest responses. However, a number of councils expressed the desire to raise their council tax in order to meet local needs, such as the level of funding for children's services. Councils were keen to highlight to us that whilst they would welcome more powers around the provision of early help/prevention services, any devolution would need appropriate and fair funding that accurately reflects the services provided by councils. Many councils expressed frustration that they already have problems with the capacity to manage existing responsibilities, such as the 'staying put' scheme.

Question 4: Are there any particular issues facing your council which are not being recognised?

Again, there were few responses for this question and only a limited number of issues were raised.

A number of councils highlighted the lengthy amount of time taken by the Home Office to make decisions regarding the immigration status of children and families. Alongside an increase in asylum seeking children, councils highlighted the numbers of families in their local area with No Recourse to Public Funds (NFPR), who they are supporting.

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**Questions about this briefing?**

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## References

<sup>i</sup> <https://www.childrenscommissioner.gov.uk/wp-content/uploads/2017/11/BRIEFING-Falling-through-the-gaps-in-education-CCO.pdf> (p8) and Department for Education (2018), Schools, pupils and their characteristics: January 2018.

<sup>ii</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/751092/Characteristics\\_of\\_children\\_in\\_need\\_text\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751092/Characteristics_of_children_in_need_text_2018.pdf)

<sup>iii</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/762826/Children\\_in\\_Need\\_of\\_help\\_and\\_protection-Interim\\_findings.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762826/Children_in_Need_of_help_and_protection-Interim_findings.pdf)

<sup>iv</sup> See 'Characteristics of Children in Need', link above

<sup>v</sup> Financial returns from local authorities to central Government allow us to enable a broad category of "Safeguarding and Family Support", which can include both statutory services provided by social services and broader family support below statutory thresholds.

<sup>vi</sup> While demand for placements typically outstrips supply, there can still be short-term under occupancy, typically caused by particularly high-need residents reducing the units overall capacity.