



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Education

Pressures on children's social care

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National Audit Office

Department for Education

Pressures on children's social care

Report by the Comptroller and Auditor General

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National Audit Act 1983 for presentation to the House of
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Sir Amyas Morse KCB
Comptroller and Auditor General
National Audit Office

18 January 2019

This report sets out recent trends in pressures on children's social care and the response of both national and local government to these pressures. It also sets out analysis we conducted about what is causing variations in children's social care demand and activity between different local authorities.

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The National Audit Office study team consisted of:
Alex Bowyer, Mark Burkett, Janiece King, Robindra Neogi, Oliver Sheppard, Baljinder Virk and Matthew Wilkins, under the direction of Ashley McDougall.

This report can be found on the National Audit Office website at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Key facts

£8.8bn

amount spent by local authorities on children's services in 2017-18

655,630

number of new children's social care referrals in the year ending 31 March 2018

91%

percentage of local authorities that overspent on their children's social care in 2017-18

Population

5.2%	growth of the 0 to 17 population between mid-2010 and mid-2017
26%	increase in number of children placed on a child protection plan between 2010-11 and 2017-18
404,710	Children in need, as at 31 March 2018
22 to 156	range of variation of child protection plans per 10,000 children between local authorities in 2017-18

Our analysis

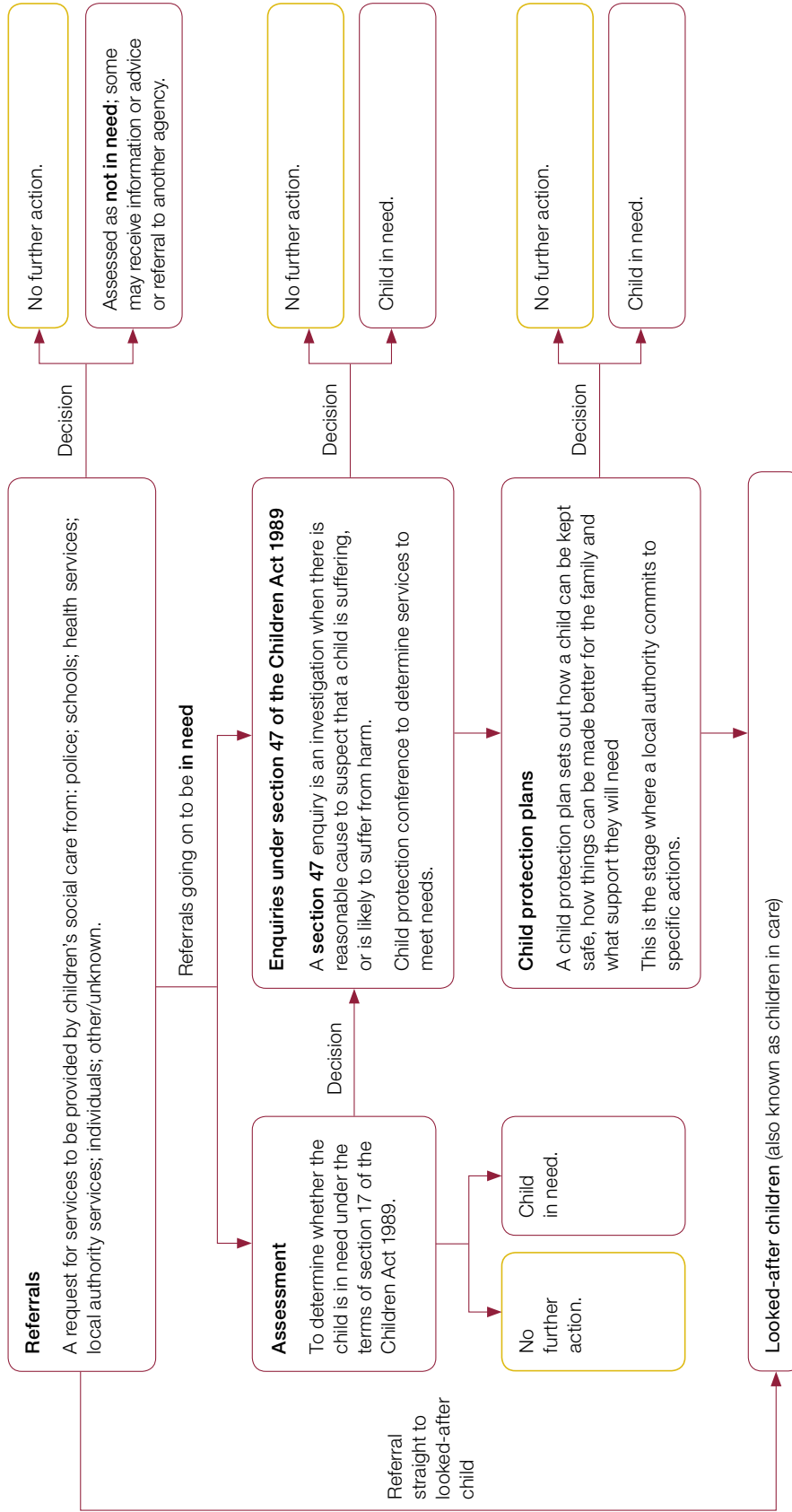
15%	proportion of variation in child protection plans explained by the difference in deprivation between local authorities
44%	proportion explained by the difference between local authorities and their areas
10%	proportion explained by national policy changes
6%	proportion explained by levels of spending on children's social care and vacancy levels for children's social workers
25%	proportion of variation not explained by our model

Spending

£872 million	total national overspend on children's social care in 2017-18
£8.0 billion	budgeted spend for children's services in 2017-18
£8.6 billion	budgeted spend for children's services in 2018-19

Figure 1
Children's social care in England

Main stages of children's social care system in England



Notes

- 1 This diagram shows only the main stages for a child proceeding through the children's social care system. It is possible that a child will follow different paths depending on individual circumstances.
- 2 Referrals: there may be more than one referral per child across the year.
- 3 A child can have more than one assessment and more than one episode of need during this period. Practices may differ between local authorities in reaching the statutory child in need threshold and recording separate episodes.

Summary

1 Local authorities in England have statutory responsibility for protecting the welfare of children and delivering children's social care. In extreme cases local authorities may use their statutory powers to place children in need on protection plans or even take them into care. Local authorities are also responsible for delivering non-statutory services for all children and young people, such as children's centres.

2 One hundred and fifty-two upper-tier local authorities in England are responsible for delivering children's social care. The Department for Education (the Department) provides statutory guidance on delivering these functions. The Department has overall policy responsibility for children's services, and has the strategic vision that all vulnerable children, no matter where they live, should have access to high-quality support by 2022. Most funding for children's services comes from the Ministry of Housing, Communities & Local Government (MHCLG), and services are inspected by the Office for Standards in Education, Children's Services and Skills (Ofsted). Local authorities are responsible for ensuring that funding for children's social care is spent with regularity and propriety and achieves value for money.

3 This report is about children's social care in England and the pressures on these services. We examine the pressures that stem from demand for children's social services, which we define as referrals to children's social care. We also examine the pressures that stem from the activity that local authorities undertake in response to actual or perceived demand. Local authorities in England are responsible for setting the thresholds at which they decide to work with vulnerable children, and are therefore responsible for managing demand for their own children's social care. Referrals are the initial measure of demand, and the subsequent level of local authority activity in response to referrals is filtered through local thresholds for action and perceptions of risk. The different stages of the children's social care process are set out in **Figure 1**.

4 As both the National Audit Office (NAO) and the Committee of Public Accounts have previously reported, local authorities' finances and services are increasingly under strain. In 2016 the Committee of Public Accounts concluded that the Department seemed worryingly complacent that nothing could be done to improve children's services more quickly, and that the Department lacked a credible plan for how and by when it would make a difference and ensure that local authorities were intervening effectively to make a difference to children's lives. Until recently, the Department has not seen it as a central part of its responsibilities to understand drivers in demand for children's social care across all local authorities. Unless adequate and effective children's social care is in place, children in need of help or protection will be exposed to neglect, abuse or harm.

Scope of our report

5 This report sets out recent trends in pressures on children's social care demand and activity and the response of both national and local government to these pressures. It also sets out analysis we conducted about what is causing variations in children's social care demand and activity between different local authorities. Our report covers:

- the pressures on children's social care (Part One);
- the response of national and local government to increasing demand for children's social care (Part Two); and
- our analysis of what is causing variations in demand for children's social care between local authorities (Part Three).

We do not evaluate the performance of individual local authorities and the model described in Part Three does not allow us to evaluate relative cost-efficiency, or attribute variations solely to better or worse practice. Such analysis would require work on more detailed child-level data. Only the Department is in a position to collate and analyse these data.

6 This is the fourth in a series of NAO reports on children's social care, following on from: *Children in care* (2014); *Care leavers' transitions to adulthood* (2015); and *Children in need of help or protection* (2016).

Key findings

The pressures on children's social care

7 **Referrals to children's social care increased in line with population growth between 2010-11 and 2017-18.** The number of referrals to children's social care increased by 7% between 2010-11 and 2017-18, to 655,630. Over the same period the 0–17 population of England experienced broadly similar growth, increasing by 5.2%. The increase in the number of children in need episodes between 2010-11 and 2017-18 was actually below population growth, with these rising by only 2%, from 735,470 to 753,840. A child is recognised as being in need under the Children Act 1989 if they need local authority services to achieve or maintain a reasonable state of health or development; to prevent significant or further harm; or because they are disabled. A "children in need episode" is where a referred child meets this definition (paragraph 1.16 and Figures 1 and 5).

8 Between 2010-11 and 2017-18 referrals increased by 7% while child protection assessments increased by 77%. Although initial referrals to local authorities increased by only 7% over the period from 2010-11 to 2017-18, local authorities carried out 77% more child protection assessments. It is not clear if the disproportionate increase in assessments is because of lower risk thresholds applied by authorities, a change in the nature of referrals made, or other factors. The number of cases where authorities consider actual harm or neglect to have been demonstrated (marked by the introduction of a child protection plan when an authority first commits targeted resources to support a child) was much lower than the rise in assessments, increasing by only 26% (paragraph 1.17 and Figure 5).

9 The most expensive cases, where children are taken into care, have risen by almost triple the rate of population growth. Between 2010-11 and 2017-18 the number of children in care at year end increased by 15% to 75,420 children, more than triple the rate of overall population growth. There has been a notable increase in the number of children over 16 taken into care, which increased by 78% between 2010-11 and 2017-18, from 3,210 to 5,710. Local authorities told us that these children often have more complex needs and as a result are harder to place into foster care and are more likely to go into residential care, which is more costly (paragraph 1.17 and Figure 5).

10 The cost of children in care is rising. Local authorities are budgeting to spend £4.2 billion on looked-after children in 2018-19, which is £350 million (9.1%) more than they budgeted to spend in 2017-18. Although the number of children placed in residential care by local authorities increased by 9.2% between 2013-14 and 2017-18, the cost of residential care increased by 22.5% over the same period, from £1.02 billion to £1.25 billion in real terms (paragraphs 1.24, 1.27 and 2.19).

11 Demand for residential placements and staff has outstripped capacity. There has been an increase in the use of residential care, and this has exposed the lack of suitable placement capacity available to local authorities: only 32% of local authorities report that they have access to enough residential homes for children aged 14 to 15 years, and 41% for those aged 16 to 17. Reflecting this lack of capacity, in 2016 an independent review found that an absence of successful commissioning was resulting in different local authorities paying widely different prices for the same standard of residential care. In addition, despite employing an increased number of children's social workers, local authorities have also had to increase their use of expensive agency staff (paragraphs 1.25 to 1.29).

The response to increasing demand for children's social care

12 The Department does not fully understand what is causing increases in demand and activity in children's social care. Until recently, the Department had not seen it as a central part of its responsibilities to understand drivers in demand for children's social care across all local authorities. As a result it had little quantified analysis of the drivers of demand or reasons for variation between authorities. The Department has now identified what it considers to be some of the multiple factors influencing demand and activity. Some, such as deprivation, domestic abuse, substance misuse and adult mental health are around 'need' and some are around local practice and responses to need. However, the analysis is analytically limited, is not comprehensive and contains no prioritisation of factors or quantification of the contribution of each factor. In late 2017, the Department, Ministry of Housing, Communities & Local Government and HM Treasury commissioned external research which they hope will explain demand pressures and variation by summer 2019. The Department acknowledges that it has not yet completed the work necessary to fully understand the reasons for the increase in demand for children's social care, and the relationship between this and local authority spending (paragraphs 1.4 and 3.3 to 3.5).

13 There is significant variation between different local authorities in both the activity and cost of their children's services. The rate of children in need episodes during 2017-18 ranged from 301 to 1,323 per 10,000 children between local authorities. There is even greater variation between local authorities in the amount that they spend on children's social care: in 2017-18, the amount spent by local authority per child in need episode ranged between £566 and £5,166 per year across different local authorities. Some of this variation could be attributable to differences in the way that individual local authorities define each episode. While some of this variation is understandable, the Department has not set out what level of variation it considers is acceptable (paragraphs 2.10 to 2.15 and Figures 8 to 11).

14 There is no link between spending per child in need and quality of services as assessed by Ofsted. The Department uses Ofsted ratings as one of its principal sources of information in determining action required to improve services. By August 2018, Ofsted had judged 58% of local authorities as 'Inadequate' or 'Requires improvement to be good', This represented a slight improvement from when local authorities were first inspected under the framework introduced in 2013, where 65% were assessed as 'Inadequate' or 'Requires improvement to be good'. Ofsted assessments do not consider the cost-effectiveness or value for money of children's services. Some services are rated Good by Ofsted with spending of £570 per child in need while others are rated Good with spending of £4,980. Neither the Department nor Ofsted has set out any expectation of the 'right' spend to achieve a Good rating. Similarly, Ofsted ratings for children's social care services are not correlated in any way with changing levels of child protection plans and do not provide any indication of the likelihood that authorities will be able to reduce the numbers of looked-after children, on which most money is spent. This demonstrates the challenge for the Department in combining different sources of information to guide decision-making (paragraphs 2.15 to 2.17, 3.14 and Figures 9, 11 and 12).

15 Local authorities have responded to financial pressures by prioritising child protection work and reducing spending on non-statutory children's services. Local authorities have seen their overall real spending power reduce by 28.6% since 2010. Authorities have responded to this pressure, and increased statutory children's social care activity, by reducing spending on non-statutory children's services and increasing spending on statutory social work. The proportion of spending on preventative services, such as children's centres, fell from 41% in 2010-11 to 25% in 2017-18. Spending on statutory activities rose from 59% to 75% over the same period. In 2017-18, the total national overspend on children's services was £872 million. The proportion of local authorities that have overspent on children's social care has increased, rising from 63% in 2010-11 to 91% in 2017-18 (paragraphs 2.18 to 2.21 and Figures 13 and 14).

Our analysis of variations in children's social care demand and activity

16 Our model suggests local authority characteristics account for 44% of variation between different local authorities over time in how they respond to demand for children's social care. Using a model, we assessed the reasons for the wide variations between authorities in their use of child protection plans as they are the principal point at which authorities commit to spending. As noted in paragraph 5, our model does not allow us to evaluate relative cost-efficiency, or attribute variations to better or worse practice. We found, however, that different levels of deprivation could account for 15% of the variation between local authorities' use of child protection plans. We also found that a further 10% of this variation may be accounted for by changes which affect all local authorities at the same time, such as the introduction of a new policy. However, by far the greatest cause of variation appears to be the characteristics of local authorities themselves, and their areas: even when we account for factors such as funding and staffing levels, our model suggests these local authority characteristics account for approximately 44% of variation. These local characteristics are wide-ranging, and include custom and practice in children's social care, local market conditions and characteristics of children and their families (paragraphs 3.13 to 3.17).

17 Local authorities which have closed children's centres have not had any consequential increases in child protection plans. Local authorities have reduced spending on preventative children's services. For example, the number of Sure Start children's centres has fallen by just over 500 since 2010. We tested the hypothesis that closing these centres has, by reducing preventative services, increased the need for statutory intervention, measured through increased child protection plans. We found that the closure of these centres has not resulted in increased statutory children's social care activity. Indeed, for those local authorities which had closed centres there was a slight fall in the number of child protection plans in future years (paragraphs 3.18 to 3.21).

Conclusion

18 Over two years ago we judged that the Department had made poor progress in improving children's social care services. The Department's goal is now that all vulnerable children, no matter where they live, should have access to high-quality support by 2022. While the Department has put in place a programme of reform, it still does not fully understand what is driving demand for children's social care or why there is such wide variation between local authorities in their children's social care activity and costs. It has not yet done the work to tie together available sources of information and therefore lacks a well-informed pathway to achieve its goal. While the Department has recognised the need for this analysis, it will not complete the work until summer 2019. Even if its analysis is completed successfully it will be a tall order for the Department to achieve its goal within three years.

Recommendations

- 19** The Department should:
- a** build on the NAO modelling carried out for this study by commissioning **research into the factors that drive demand for children's social care, using the individual child-level data that it holds;**
 - b** build on the NAO modelling carried out for this study by commissioning **research into the factors explaining variations between local authorities' activity levels;**
 - c** set out how it will work with the sector to **reduce unnecessary variation between authorities in levels of looked-after children;**
 - d** assess how best it can **work with local authorities to match residential children's home capacity with need;** and
 - e** **assess** whether its **reliance on Ofsted's assessments** of the quality of children's social care give it the information it needs to secure more cost-effective children's social care.