



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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**Department for Education**

# Pressures on children's social care

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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  
Commons in accordance with Section 9 of the Act

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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## Key facts

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**£8.8bn**

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

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**655,630**

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

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**91%**

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

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### 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

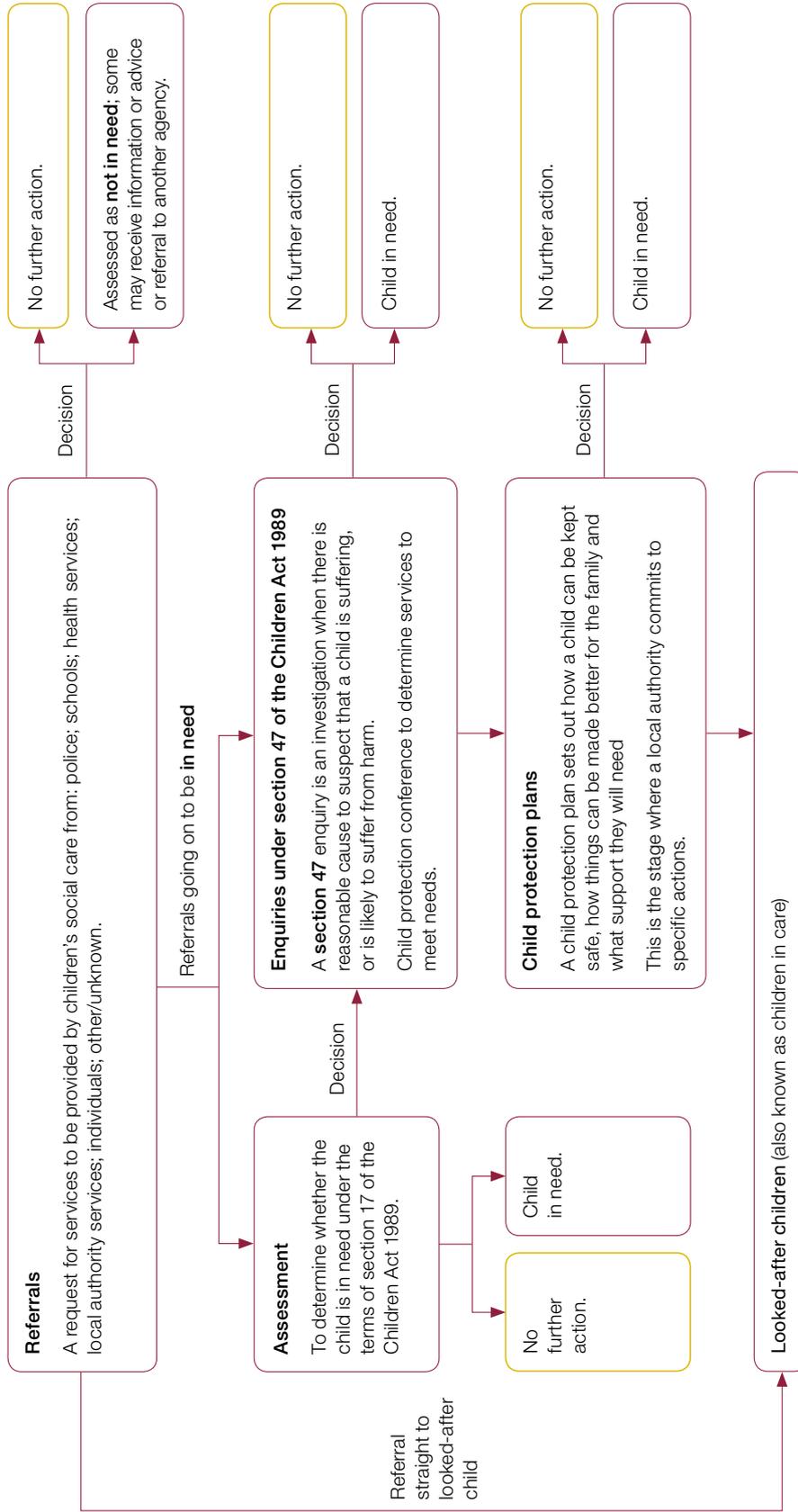
15%	proportion of variation in child protection plans explained by the difference in deprivation between local authorities
44%	proportion explained by the difference between local authorities and their areas
10%	proportion explained by national policy changes
6%	proportion explained by levels of spending 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.

# Part One

## Pressures on children's social care

**1.1** This part of the report provides information on pressures on children's social care in England, setting out:

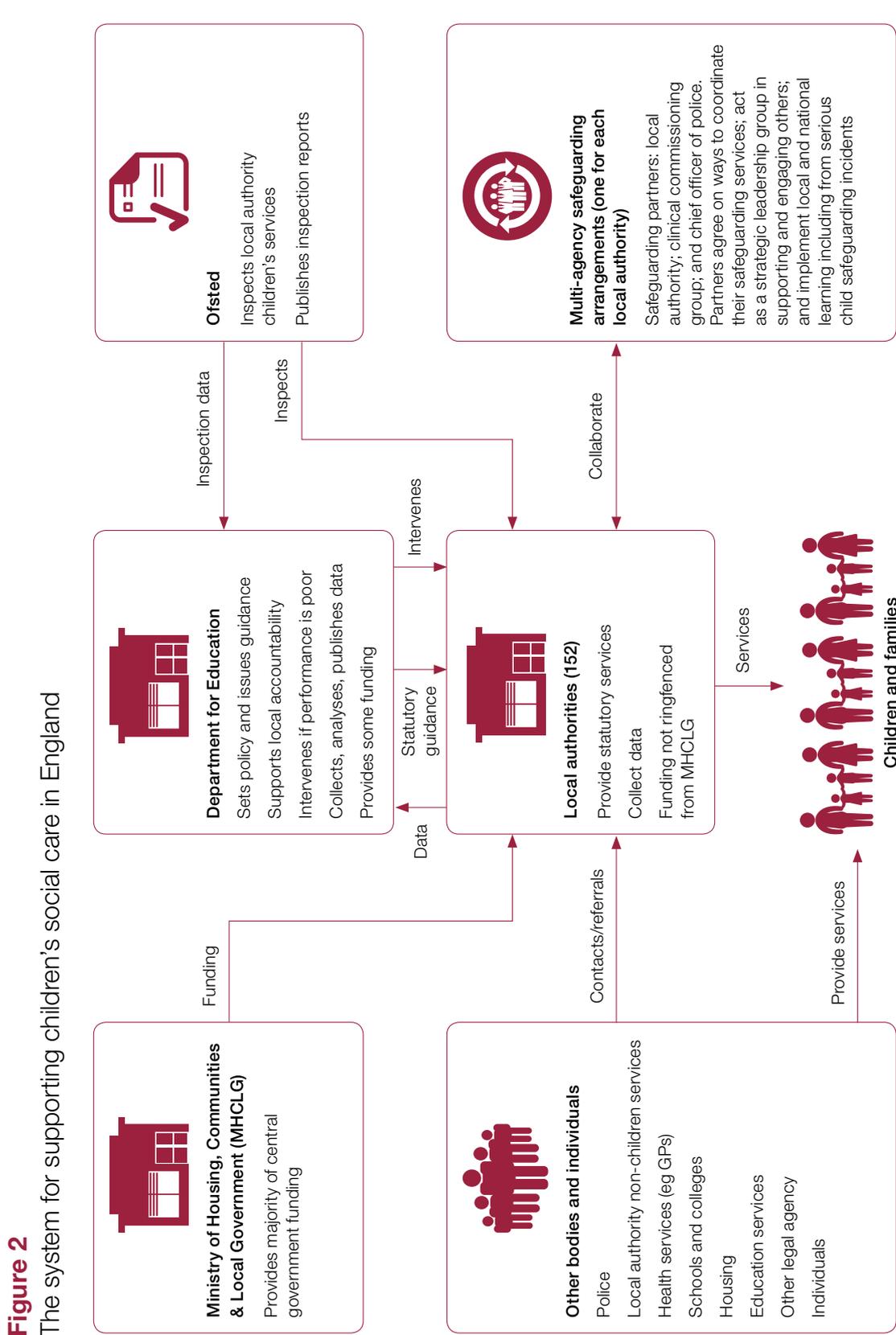
- the Department for Education's (the Department's) policy responsibilities for children's services;
- the process by which children come into contact with local authority children's social care;
- relevant key findings from our previous work on children's social care;
- recent trends in children's social care demand and activity;
- explanations for the increases in children's social care demand and activity; and
- the cost implications for local authorities of these trends, and other pressures on children's social care.

### **The Department's responsibility for children's social care**

**1.2** The Department is responsible for the legal and policy frameworks within which local authorities operate. The Department is accountable to Parliament for ensuring that the policy and quality of children's services, which local authorities are responsible for delivering, protect and support children. To achieve this, it issues statutory guidance, which clearly sets out the duty upon local authorities and their partners, such as the police and health services, to work together to protect children. The Department is also responsible for:

- providing information to support benchmarking (of practice and costs) and local accountability;
- agreeing the framework against which Ofsted inspects local authority services; and
- intervening in a failing local authority when Ofsted judges services to be inadequate because of widespread or serious failures that leave children being harmed, or at risk of harm.

**1.3** The majority of funding for children's services is provided to local authorities by the Ministry of Housing, Communities & Local Government (MHCLG) (**Figure 2**). In 2017-18, local authorities spent £8.8 billion on children's services. The budgeted spend for 2018-19 is £8.6 billion, up from £8 billion budgeted for 2017-18.



**1.4** 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. The Department has considered this role best discharged by local authorities themselves. However, the Department told us it is now increasingly interested in taking a specific view about costs, value for money and the sustainability of children's social care services.

### **How children come into contact with children's social care**

**1.5** The 152 top tier local authorities in England are responsible for delivering children's social care. These local authorities are the statutory point of referral for any concern about risks to children's welfare.

**1.6** Local authorities have the autonomy to set their own protocols and thresholds for working with children referred to their social care. These protocols are developed in partnership with other local agencies with statutory duties, such as the police. They need to be consistent with national legislation and the Department's statutory guidance. These protocols are designed to provide clear arrangements for managing cases once a child is referred into local authority children's social care.

**1.7** When a child is referred to a local authority because of concerns about their welfare, the local authority will assess the course of action to take with them based on safeguarding thresholds set in accordance with their own protocols. In 2017-18, local authorities received 655,630 referrals.

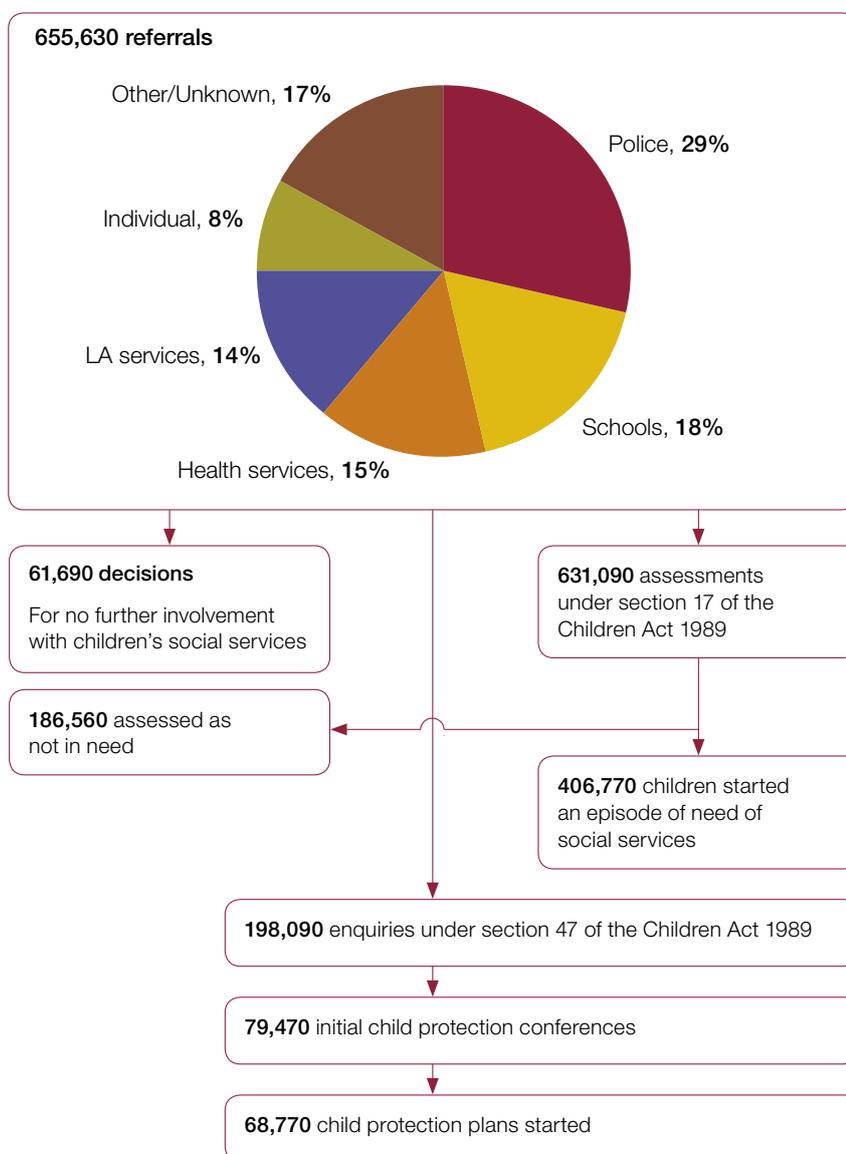
**1.8** Depending on what the local authority assesses the severity of the risk to the child to be, courses of action could include:

- at the **referral stage**, a local authority can decide to take no further action, or refer a child to more universal services, such as those provided by children's centres;
- if, following an initial referral and assessment, a local authority decides that a child requires further support then, under **section 17 of the Children Act 1989**, they will be defined as a child in need. Under this classification, the local authority is required to provide the child with a range and level of services appropriate to their needs;
- in **cases where there is reasonable cause to suspect that a child is suffering or likely to suffer significant harm**, under section 47 of the Children Act 1989 the local authority can launch an investigation into their welfare. This is generally in partnership with other agencies, such as the police. If concerns are substantiated and the child is judged to be at continuing risk of harm, then an initial child protection conference should be convened within 15 working days;
- at the initial child protection conference, the decision will be made as to whether the child needs to become the subject of a **child protection plan**; and
- in the most severe cases immediate action will be taken **to take a child into the care of the local authority**. These children will be looked-after by local councils, and usually live with foster carers, or in residential care settings such as children's homes.

1.9 **Figure 3** sets out the different stages of local authority children’s social care activity, the sources of referrals to children’s social care, and the number of cases at each stage of the process in 2017-18.

**Figure 3**  
Key stages in children’s social care, 2017-18

In 2017-18 local authorities received 655,630 referrals and 68,770 children started a child protection plan



**Notes**

- 1 Referrals: there may be more than one referral per child across the year.
- 2 Assessments plus no further involvement does not sum to total number of referrals: multiple referrals may lead to one assessment and one referral to multiple assessments.
- 3 Children in need plus not in need does not sum to total number of assessments: there may be more than one assessment and more than one episode of need per child across the year.

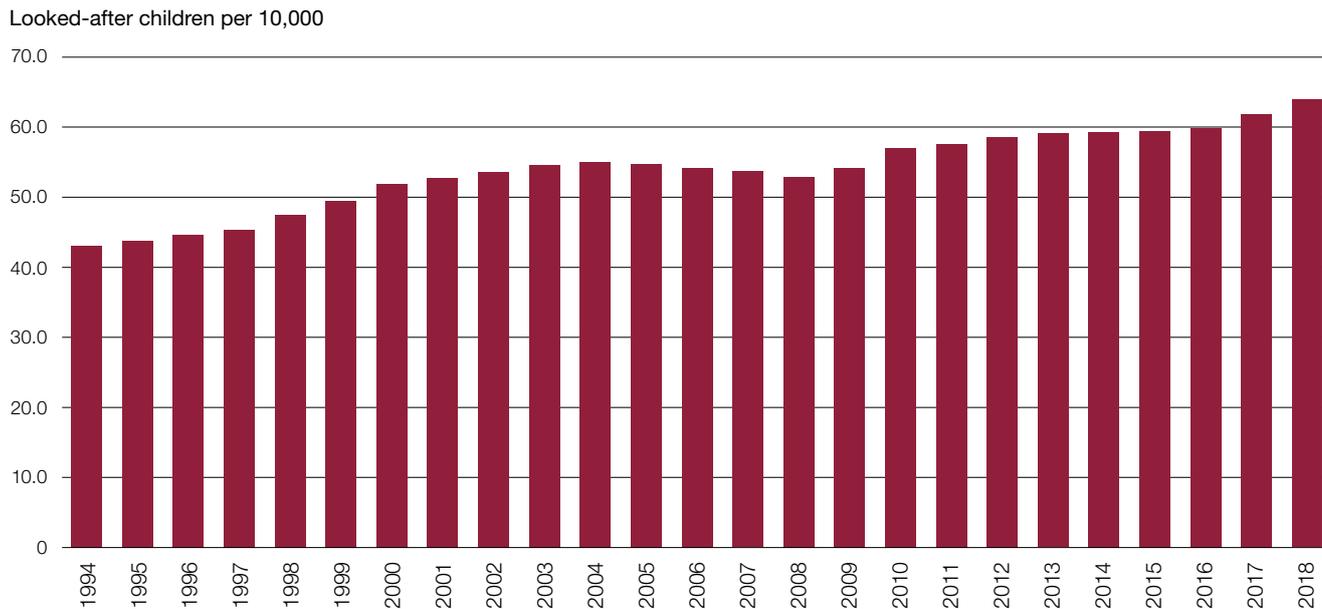
**1.10** When a children's social worker assesses a child following a referral, the practitioner determines the child's primary need. In 2018, local authorities conducted 631,090 assessments, 482,750 (76.5%) of which identified factors that contributed to the child being in need. In 53.2% of these cases, the child's primary contributory factor to being in need was abuse or neglect.

### Long-term trends in children's social care

**1.11** Over the past generation there has been a gradual long-term increase in the number of children in care in England. Between 1994 and 2018 the rate of children in care increased by 48%, from 43.2 to 64 per 10,000 (**Figure 4**).

**Figure 4**  
Rate of looked-after children per 10,000 in England, 1994–2018

There has been a long-term rise in the rate of looked-after children in England



■ Looked-after children per 10,000

Source: Department for Education, Statistical First Release, children looked after in England, SFR 50/2017, 28 September 2017; and children looked after in England including adoption: 2017 to 2018

## Previous NAO and PAC work on children's social care

**1.12** The National Audit Office and Committee of Public Accounts have reported on children's social care on three occasions in recent years: *Children in care* (2014);<sup>1</sup> *Care leavers' transitions to adulthood* (2015);<sup>2</sup> and *Children in need of help or protection* (2016).<sup>3</sup> These reports contain a number of common themes about children's social care in England that are relevant to our study of pressures on children's social care.

- **There is substantial variation between different local authorities' children's social care.** In our report *Children in need of help or protection*, for example, we noted that referrals accepted by local authorities varied from 226 to 1,863 per 10,000 children; and rates of children in need varied from 291 to 1,501 per 10,000 children. Average spending per child in need episode ranged from £340 for the lowest-spending local authority to £4,970 for the highest.
- **There is a lack of departmental understanding about the causes of this variation and demand for children's social care.** Also in our report on children in need of help or protection we found that neither the Department nor individual local authorities fully understood why there are differences in cost between different local authorities. Similarly, in our report *Children in care* we found that the Department was not seeking to forecast demand for children's social care.
- **Average spending on child in need is not related to the quality of children's social care.** In analysis we conducted in 2016 we found that there was no correlation between local authorities' spending on children in need and the quantity and quality of their services, as measured by an Ofsted judgement.
- **Across the country, children's social care is not of good enough quality.** In 2016 we reported that nationally the quality of help and protection for children was unsatisfactory and inconsistent, suggesting that there was systemic rather than just local failure in children's social care. In 2016, Ofsted had only judged services to help or protect children as Good in 23% of the 103 local authorities it had inspected over the previous three years.

**1.13** In 2016, the Committee of Public Accounts concluded that the Department seemed worryingly complacent that nothing could be done to improve children's social care more quickly,<sup>4</sup> 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. This report examines the reasons for variations in children's social care demand and activity between local authorities. We also assess the progress that the Department has made in developing its understanding of the factors behind increased demand and activity in children's social care.

<sup>1</sup> Comptroller and Auditor General, *Children in care*, Session 2014-15, HC 787, National Audit Office, November 2014.

<sup>2</sup> Comptroller and Auditor General, *Care leavers' transition to adulthood*, Session 2015-16, HC 269, National Audit Office, July 2015.

<sup>3</sup> Comptroller and Auditor General, *Children in need of help or protection*, Session 2016-17, HC 723, National Audit Office, October 2016.

<sup>4</sup> House of Commons Committee of Public Accounts, *Child protection*, Thirty-first Report of Session 2016-17, December 2016.

## Recent trends in children's social care demand and activity

**1.14** Quantifying demand for children's social care is complex. There is no single objective measure of the volume of children who need or who might benefit from support or intervention. Instead, there are referrals to local authorities of children who might need support, and the responses of local authorities to children with whom they come into contact. Referrals are the initial measure of demand, and the subsequent levels of local authority activity in response to referrals is filtered through local thresholds for action and perceptions of risk. We have tried to distinguish between the two measures but recognise that neither is a fully accurate measure of demand.

**1.15** The scale of any unmet need is necessarily unknown, and the complexity of the cases received by the authority is also a factor in considering the demand for statutory social care. Demand for children's social care in England, as measured by referrals, increased in line with overall population growth between 2010-11 and 2017-18. Between 2010-11 and 2017-18, the total number of referrals in England grew by 7%, to 655,630, an increase which is just over the overall population growth of 5.2% (**Figure 5**).

**1.16** Overall cases of activity in children's social care also increased at slightly below population growth between 2010-11 and 2017-18. The law defines children in need as children under 18 who 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. The number of children in need is therefore a useful measure of the total cases of childcare activity in the system. The number of children in need as at 31 March 2018 was 404,710, an increase of 4% from 389,040 in 2017. The increase in the number of children in need episodes between 2010-11 and 2017-18 was below population growth, with these rising by only 2%, from 735,470 to 753,840.<sup>5</sup>

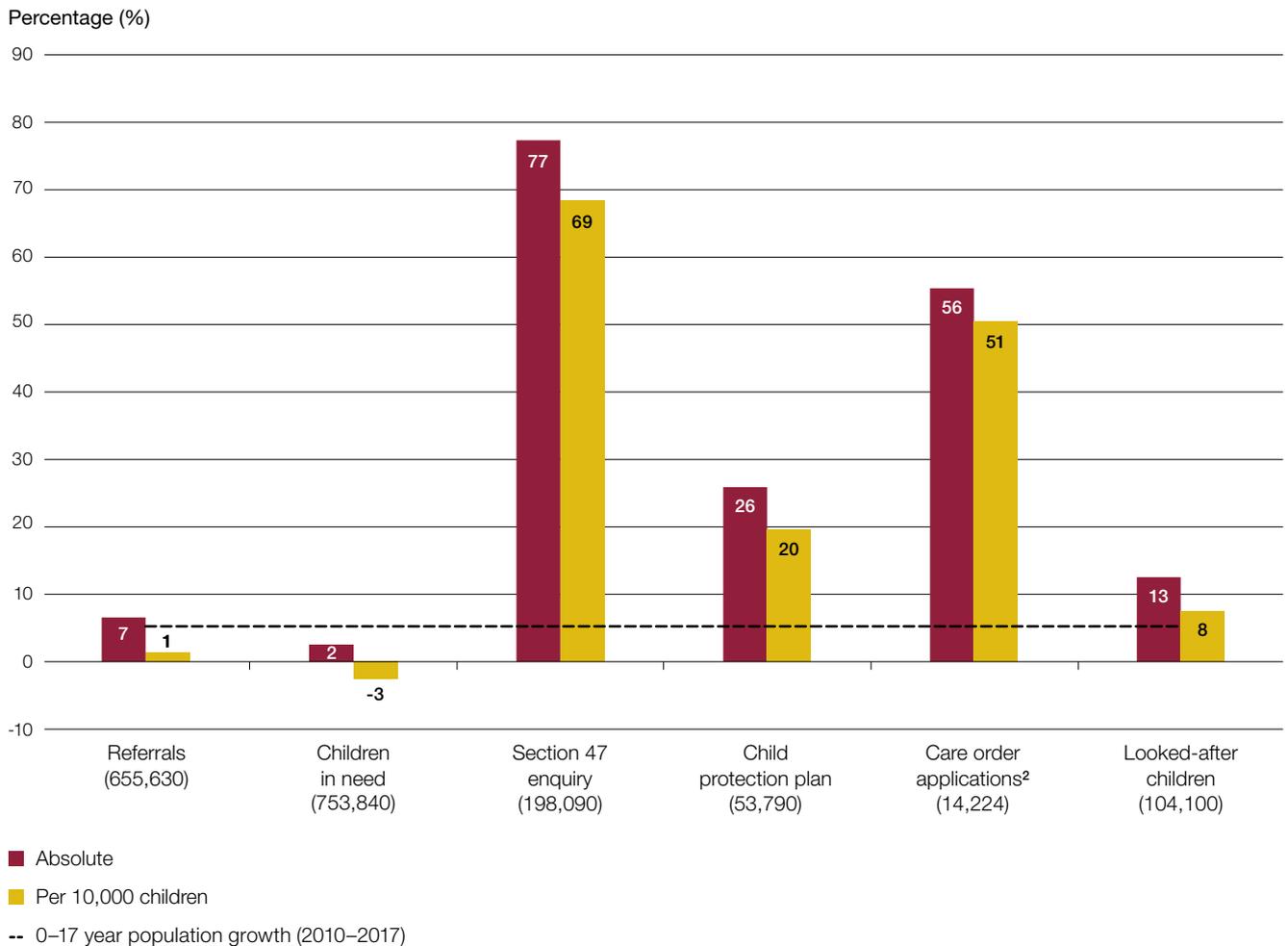
**1.17** In contrast, between 2010-11 and 2017-18 there were significant increases in the most serious cases of local authority children's social care activity. Over this period, the number of children requiring a section 47 assessment, where children's social care services consider they have reasonable cause to suspect that a child is suffering, or is likely to suffer, significant harm, rose by 77%. The number of child protection plans has increased substantially, rising by 26% since 2010-11. There has been a smaller national increase in the number of looked-after children, which has risen by 15% – although even this slightly smaller increase is almost triple population growth. Within this group, there has been a notable increase in the number of older looked-after children. Between 2010-11 and 2017-18 the number of children who have started to be looked after aged 16 and over rose by 78%, from 3,210 to 5,710. As we set out below, this is an age group that can be especially costly for local authorities when they become looked after children.

<sup>5</sup> The Children Act 1989 defines children in need as children under 18 who 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. The number of episodes is greater than the number of children in need because it is possible for a child to be referred to children's social care more than once during their childhood.

**Figure 5**

Change in children's social care activity, 2010-11 to 2017-18

There were significant increases in child protection enquiries and care order applications between 2010-11 and 2017-18



**Notes**

- 1 Data are for total number of incidents during that stage of children's social care throughout the year.
- 2 Children and Family Court Advisory and Support Service data – applications received during the year.

Source: National Audit Office analysis of Department for Education's Statistical First Release on children looked after and Statistical First Release on children in need and Children and Family Court Advisory and Support Service data

## **Potential explanations for increases in children's social care demand and activity**

**1.18** As we set out above, between 2010-11 and 2017-18 demand for children's social care, as measured by referrals, grew broadly in line with population growth. However, local authority children's social care activity, especially in the most serious cases, increased significantly throughout this period. There are a number of potential explanations for these trends, highlighted in the literature and available data on children's social care, and also frequently reported to us in our case studies. They include:

- changes in how local authorities respond to societal issues such as domestic violence, substance misuse and mental health;
- legal changes; and
- deprivation.

### Change in local authority response to societal issues

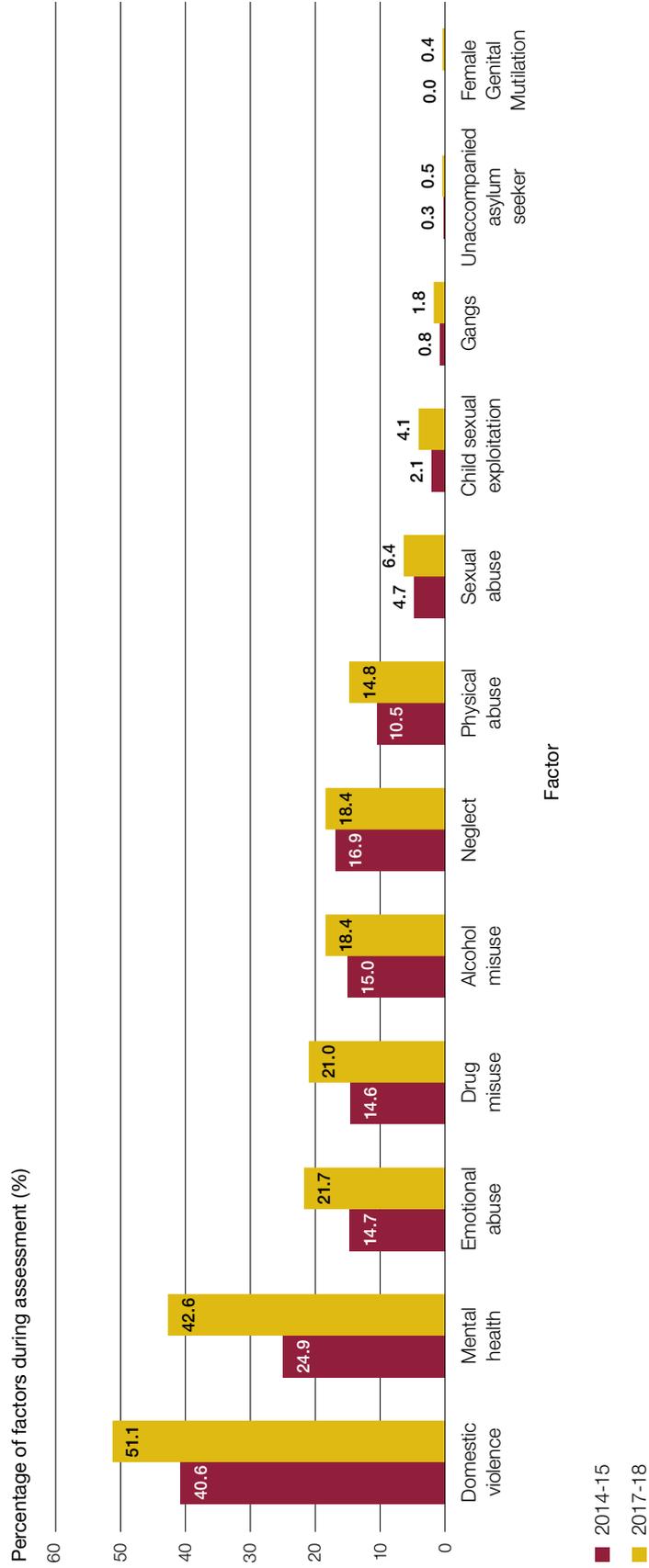
**1.19** There has been a notable increase in the number of assessments of children in need which feature risks to child welfare that include domestic violence, mental health, emotional abuse, and alcohol and drug misuse. As we describe above, when a child is first referred to a local authority their social worker will conduct an assessment of their primary need. Subsequently, they will conduct a more detailed assessment in which they will identify all factors which they consider to be driving a child's need for support. In 2017, domestic violence was the most common factor identified at the end of an assessment for children in need, featuring in the assessments of half of all children assessed in that year (**Figure 6**). The recording of domestic violence in children's social care assessments has increased by 26% since 2014-15. This is despite a gradual downward trend in the prevalence of domestic violence, according to the Office for National Statistics. Similarly, mental health and drug and alcohol misuse have both increased as recorded risk factors in local authority safeguarding assessments since 2014-15.

**1.20** The increase in the reported prevalence of risk factors could be for a number of reasons, including increased reporting, lower risk thresholds or increasing problems in the population. In our case study visits, children's social workers considered the increased prevalence of issues such as domestic violence and substance abuse to be reflective of a broader reduced tolerance in society for leaving vulnerable children at risk.

**1.21** As we set out in Figure 5 on page 19, between 2010-11 and 2017-18 there was a 77% increase in child protection investigations, which was far greater than the increase in referrals which happened over this period. These require a full assessment of a vulnerable child. However, over the same period the increase in the resulting number of child protection plans was less than 30%. It is not clear why the rates of assessment and child protection plans have diverged so significantly. While the increase in the number of child protection plans does indicate that more cases considered require a response, it is not clear if this is because of changed behaviour or thresholds or other factors.

**Figure 6**  
Incidence of risk factors in local authority safeguarding assessments between 2014-15 and 2017-18

In 2017, domestic violence was the most common risk factor identified at the end of an assessment for children in need



**Notes**

- 1 Not all factors from Statistical First Release included in analysis.
- 2 An assessment may have more than one factor recorded.

## Legal changes

**1.22** In our case studies, children's social workers reported increases in activity resulting from changes in how courts handle child protection cases. In Hampshire, for example, staff had seen activity increase because of new legal processes such as the 'public law outline', which requires local authorities to put far more case decisions before the family courts. In Staffordshire, around 70% of proceedings started under the Public Law Outline now result in children going into care. The impact of legal changes is reflected in the rise of 56% in care order applications between 2010-11 and 2017-18.

## Deprivation

**1.23** Various analyses published in recent years have highlighted the correlation between deprivation and children's social care demand and activity. Hood et al state that "deprivation levels continue to be the key drivers of referrals and other categories of demand and are strongly associated with variations in service response, particularly in the initial stages of referral and assessment".<sup>6</sup> Other research has reported that the most deprived third of local authorities have faced the greatest cuts in expenditure.<sup>7</sup> We set out the results of our own analysis of the relationship between deprivation and the response of children's social care services in Part Three of this report.

## The cost implications of children's social care trends

### Looked-after children

**1.24** The area in which recent increases in children's social care activity has most significantly affected costs for local authorities is the increase in the number of children they have in care. The number of looked-after children has grown at a rate almost triple overall population growth for children since 2010-11. By March 2018 there were 75,420 looked-after children. Despite these children making up only a minority of the total number of children in need, budgeted net expenditure on looked-after children for 2018-19 is £4.2 billion, more than half of all budgeted spending on children's services, and up by 9.1% on 2017-18.

**1.25** Within the category of looked-after children, as set out above, there has been a particular increase in the population of those aged over 16. Local authorities told us they find it more difficult to place these older children with foster carers, meaning that they often have to find residential homes for them. The Department does not have local or national data to understand the frequency or scale of this issue.

6 R Hood et al, 'Exploring Demand and Provision in English Child Protection Services', *British Journal of Social Work*, vol. 46(4), June 2016, pp 923–941, available at: [www.ncbi.nlm.nih.gov/pmc/articles/PMC4986093/](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC4986093/)

7 P Bywaters et al, 'Inequalities in English child protection practice under austerity: A universal challenge', *Child & Family Social Work*, vol. 23, 2018, pp 53–61, available at: <https://onlinelibrary.wiley.com/doi/epdf/10.1111/cfs.12383>

**1.26** Residential placements, on average, are much more expensive than foster care: in 2017-18, local authorities spent £1.61 billion on the 79,000 looked-after children in foster care, £20,400 per child. In contrast, they spent £1.25 billion on the 26,750 looked-after children placed in residential care (a category that includes secure units and children's homes), which amounts to £46,600 per child.

**1.27** The higher number of looked-after children who local authorities consider need to be placed in residential care has highlighted local authorities' lack of residential capacity: only 32% of local authorities report that they are likely to have access to enough placements for children aged 14 to 15 years, and 41% for those aged 16 to 17. Several of our case study authorities told us that providers are able to charge local authorities a higher amount for residential care. Although the number of children placed in residential care by local authorities increased by 9.2% between 2013-14 and 2017-18, the real-terms cost of residential care increased by 22.5% over the same period, from £1.02 billion to £1.25 billion. In 2016, an independent review found that an absence of successful commissioning, along with other factors such as place availability and limited market management, was resulting in different local authorities paying widely different prices for the same standard of residential care.<sup>8</sup>

**1.28** In a survey commissioned by the Independent Children's Homes Association in 2018, 72% of private providers of residential care reported an increase in referrals from local authorities but only 38% reported increased occupancy. Providers explained the discrepancy as being due to a reluctance on their part to accept referrals which Ofsted might consider unsuitable and which would therefore put their Ofsted rating at risk. Approximately 57% of survey respondents reported static fee rates, although larger providers were more likely to secure some price increase.<sup>9</sup>

## Workforce

**1.29** The number of full-time equivalent children's social workers increased by 7.5% between 2014 and 2017, from 26,500 to 28,500. However, the children's social care workforce is also characterised by high vacancy and agency rates. On average, local authorities had a vacancy rate of 17% in 2017 – an increase from 14% in 2013. This varied between 8% in Yorkshire and Humber and 27% in outer London. It was even higher in certain outer London boroughs, which have a highly competitive labour market for social workers. Sixty-three per cent of social workers leave their local authority within five years. This figure has been increasing since 2015 (**Figure 7** overleaf). As a consequence of increased demand, increased activity and rising vacancy rates, local authorities have increased the use of agency social workers, who are more costly. Their use by local authorities increased from 12% in 2013 to 16% in 2017. Across the country, overall expenditure on children's social workers increased by 15.1% between 2013-14 and 2016-17 in real terms, from £1.75 billion to £2 billion, at a time when numbers increased by only 7.5%.

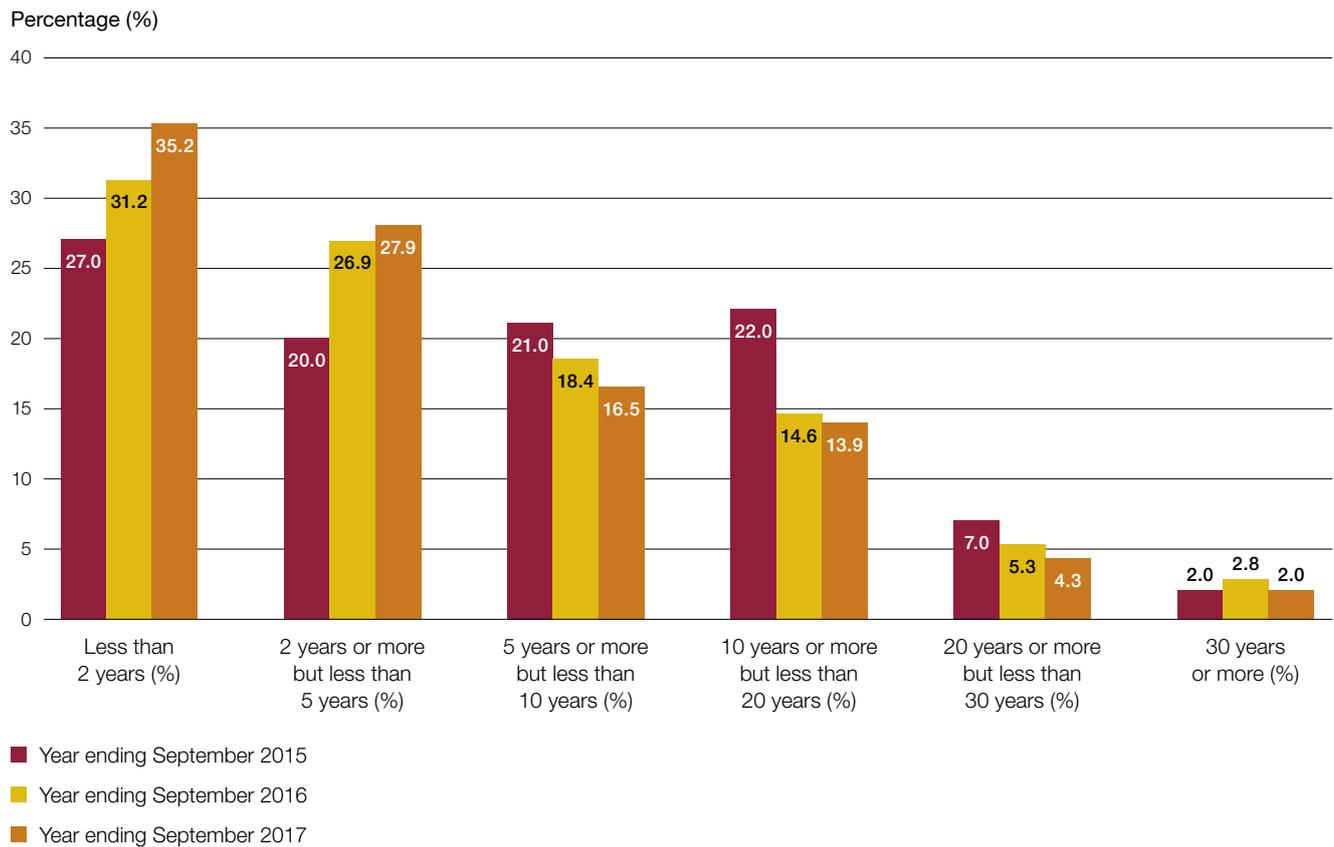
<sup>8</sup> Report of Sir Martin Narey's independent review of children's residential care. Sir Martin Narey, *Children's residential care in England*, July 2016.

<sup>9</sup> Independent Children's Homes Association, *State of the market survey*, February 2018.

**Figure 7**

Time in service of social workers leaving their local authority in the year (%)

**Sixty-three per cent of social workers leave their local authority within five years**



Source: National Audit Office analysis of Department for Education's Statistical First Release on Children's social work workforce 2017

# Part Two

## The local and national government response to pressures on children's social care

**2.1** This part of the report explains how the Department for Education (the Department) and local authorities are responding to pressures in children's social care. It sets out:

- the framework within which local authorities deliver children's social care services;
- variation in activity and assessed quality between different local authorities; and
- the financial response of local authorities to increased demand and activity.

### **The framework within which local authorities deliver children's social care**

**2.2** The Department recognises that it has a role to play in working with local authorities to help them to understand demand and activity in children's social care. This approach has three strands: setting policy, operational guidance and implementation support.

#### Setting policy

**2.3** The Department's vision for children's social care is set out in *Putting Children First* (2016). The policy goal is:

“By 2020 our ambition is that all vulnerable children, no matter where they live, receive the same high quality of care and support, and the best outcome for every child is at the heart of every decision made.”

**2.4** Although the aims were set to 2020, the Department now aims to achieve most of its objectives by the end of 2022. The Department has informed us that it took the decision to delay the achievement of its objectives because the *Putting Children First* strategy was initiated without a supporting delivery strategy in place. The Department has in place work programmes for people, place and governance.

## Operational guidance

**2.5** The operational framework for local authorities is set out in the statutory guidance *Working Together to Safeguard Children*.<sup>10</sup> This allows local authorities autonomy in their decision-making within the boundaries set by the guidance. Local safeguarding partners (local authorities, police and NHS) will draw up a threshold document, which sets out the local criteria for action, for example when a child protection assessment or a referral to universal services, such as a children's centre, might be appropriate.

**2.6** As local partners agree thresholds for action there is scope for variation between local authorities that reflects local circumstances. The Department recognises this legitimate variation but also the scope for unnecessary variation. It has not, so far, identified what it considers will and will not represent unnecessary variation.

## Implementation support

**2.7** As part of its approach to improving children's social care, the Department has put in place various programmes designed to raise awareness among local authority children's social care practitioners about how to most effectively work with vulnerable children. These programmes have in part been put in place in response to previous recommendations made both by the National Audit Office (NAO) and by the Committee of Public Accounts. These include:

- **the Innovation Programme**, under which the Department has since 2014 distributed £200 million to 98 projects in 116 local authorities and third-sector organisations in order to develop and spread more effective and efficient approaches to supporting children;
- **Partners in Practice**, under which the Department has so far invested £45 million in 15 local authorities to use to improve their own practice and that of other local authorities;
- **Regional Improvement Alliances**, through which, as with the Partners in Practice Programme, the Department is seeking to create a national infrastructure in which stronger-performing authorities support those at risk of failing;
- **the What Works Centre for Children's Social Care**, to be launched in 2020, for which the Department has provided £10 million of funding in order to bring together and develop the existing children's social care evidence base, and disseminate findings into practical advice for children's social care professionals; and
- **in the 2018 Budget the government provided a further £84 million over five years for up to 20 local authorities**, to help more children to stay at home safely with their families. This investment builds on the lessons learned from what the Department considered to be successful innovation programmes in Hertfordshire, Leeds and North Yorkshire.

<sup>10</sup> HM Government, *Working Together to Safeguard Children: A guide to inter-agency working to safeguard and promote the welfare of children*, July 2018.

**2.8** In addition to these, the Department is running further programmes aimed at the children's social care workforce. It is seeking to build the leadership capacity of children's social care departments, and has also developed a new system of assessment and accreditation for children's social workers.

**2.9** Also among the Department's responsibilities is intervening in services that Ofsted judges inadequate. As of 10 December 2018, the Department is currently intervening and directly working with 21 local authorities on this basis.

### Variation between local authorities

**2.10** As set out above, local authorities are able to take local circumstances into account when designing their children's social care services, including their threshold for action. A natural outcome of this autonomy is a degree of variation between authorities in how they respond to local and national pressures. This should be in line with their locally agreed thresholds for action. We have reported previously on variations between authorities and the fact that neither the Department nor local authorities fully understand why they occur. Significant variation still exists between local authorities in key elements of their children's social care services, the numbers of children in contact with social workers and taken into care, and the cost per child. While some variation is understandable, the Department has not set out what level of variation it considers acceptable.

#### Variation between local authorities in activity per child

**2.11** **Figure 8** sets out the considerable variation between local authorities for several key types of social care activity carried out by children's services. In 2017-18, the median rate per local authority for looked-after children was 70 per 10,000 children; this ranged from 23 to 185 per 10,000 children. The number of section 47 enquiries in local authorities also varied, ranging from 59 to 482 per 10,000 children in 2017-18.

### Figure 8

#### Variations in activity levels between local authorities, 2017-18

**There is considerable variation between local authorities for several key activities conducted by children's social care**

Per 10,000 children <sup>1</sup>	Minimum	Mean	Maximum
Children in need	300.5	685.9	1,342.5
Section 47 assessments	58.5	181.2	482.3
Child protection plans	22.1	62.7	155.8
Looked after children as at 31 March 2018	23.0	69.6	185.0

#### Note

<sup>1</sup> Number of children during the year unless otherwise stated.

Source: National Audit Office analysis of Department for Education's Statistical First Release on Children looked after and Statistical First Release on Children in need

**2.12** Because of the impact that numbers of children in care have on the financial position of authorities we looked in detail at variations between authorities and how this has changed over time. Departmental guidance is clear that the welfare of children is paramount and that they are best looked-after within their families, with their parents playing a full part in their lives, unless compulsory intervention in family life is necessary. Unless there are other factors overriding this guidance, having fewer children in care is preferable to having more in care.

**2.13** **Figure 9** shows that authorities have diverged sharply over time in whether they have managed to reduce numbers of children in care. There is a pattern whereby some have consistently reduced numbers while others have increased numbers, and therefore costs. **Figure 9** also shows that the Ofsted rating for an authority does not predict whether authorities will be able to reduce numbers of children in care in a sustainable way.

### Variation between local authorities in spending per episode of child in need

**2.14** Local authorities spent, on average, just over £2,745 per child in need episode in 2017-18. There is wide variation between local authorities in the amount they spend on children's social care, although the Department and other users have been concerned about the quality of the spending data that local authorities report for some time. In 2017-18, the amount local authorities spent per child in need episode ranged from £566 to £5,166 per year across local authorities of the same type. The number of child in need episodes is reported by each authority, although despite following Departmental guidance on recording the duration of episodes, local authorities may complete information on episode duration in different ways (**Figure 10** on page 30).

**2.15** In our 2016 report *Children in need of help or protection* we reported that our analysis had found no correlation between local authorities' spending on children in need and the quantity and quality of their children's social care. Updating this analysis, we again found no correlation between the cost per child in need and the Ofsted rating for the local authority for 2017-18 (**Figure 11** on page 31).

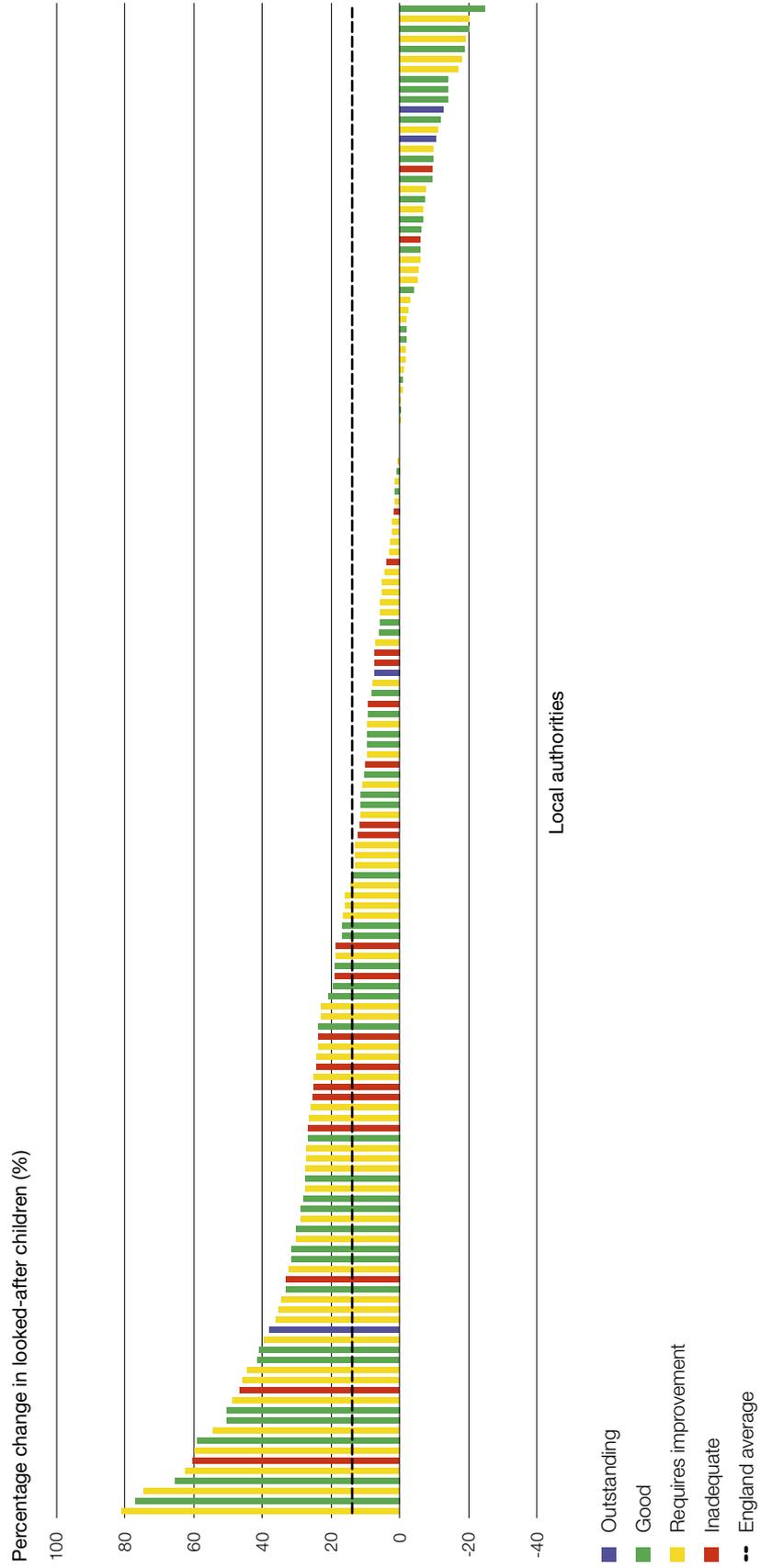
### The assessed quality of local authority children's social care

**2.16** Ofsted inspects local authority children's social care services. Ofsted inspected all local authorities under new standards between November 2013 and October 2017. Since 2018, Ofsted has adopted a new approach, with more frequent visits but the same inspection framework, and using the same benchmark for making judgments as under the previous framework. The results of inspections of all authorities against the new standards introduced by Ofsted in 2013 are shown in **Figure 12** on page 32.

**2.17** **Figure 12** highlights that authorities tend to improve on reinspection by Ofsted. After every local authority's initial inspection under the new framework introduced in 2013, 65% of local authorities were assessed as 'Inadequate' or 'Requires improvement to be good', with 36% as 'Good' or 'Outstanding'. After reinspection the proportion of 'Inadequate' and 'Requires improvement to be good' fell to 58%.

**Figure 9** Changes in the number of looked-after children per local authority between 2013 to 2018, England

Some local authorities have reduced the number of looked-after children, while for others there have been increases



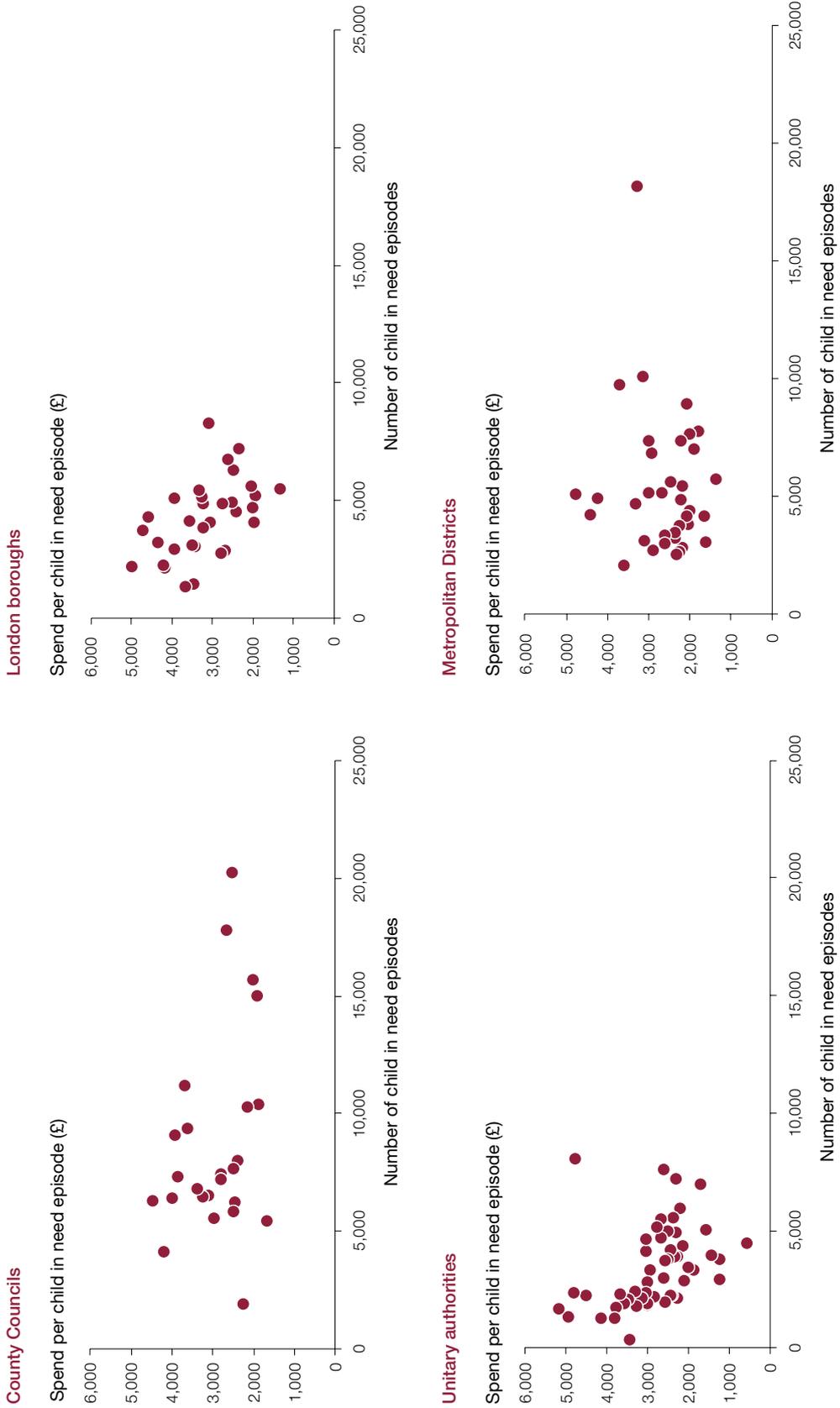
**Notes**

- 1 Looked-after children data is taken from the Statistical First Release and is for data as at 31 March 2013 to 31 March 2018.
- 2 Ofsted judgements used are to up to March 2018 to align with the looked-after children data.
- 3 Ofsted ratings are of overall effectiveness, as of 31 March 2018. Some judgements will have changed during the period above.

Source: National Audit Office analysis

**Figure 10**  
 Cost per child in need episode (2017-18) by type of authorities

There is substantial variation between local authorities in the amount they spend on children in need



**Note**

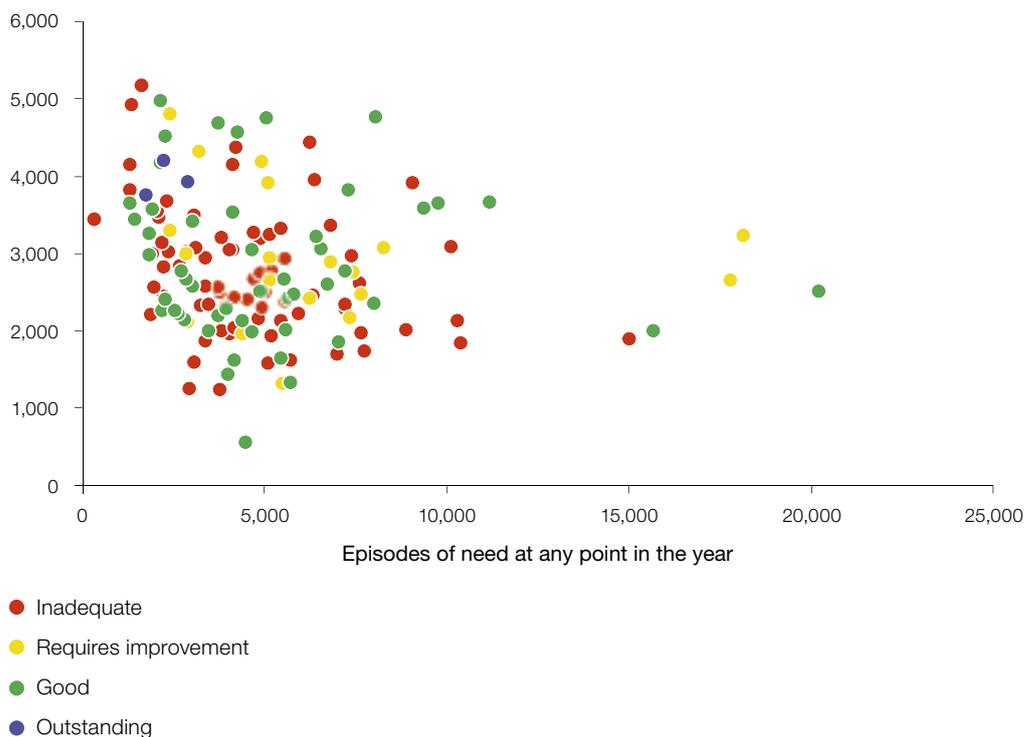
1 Data not adjusted for local pricing factors.

**Figure 11**

Spending per child in need episode, and Ofsted judgements, by local authority, 2017-18

Variation between the amount spent on children in need shows no relationship between cost and quality, as measured by Ofsted ratings

Total expenditure per children in need episode (£)



Source: National Audit Office analysis of total expenditure using section 251 data

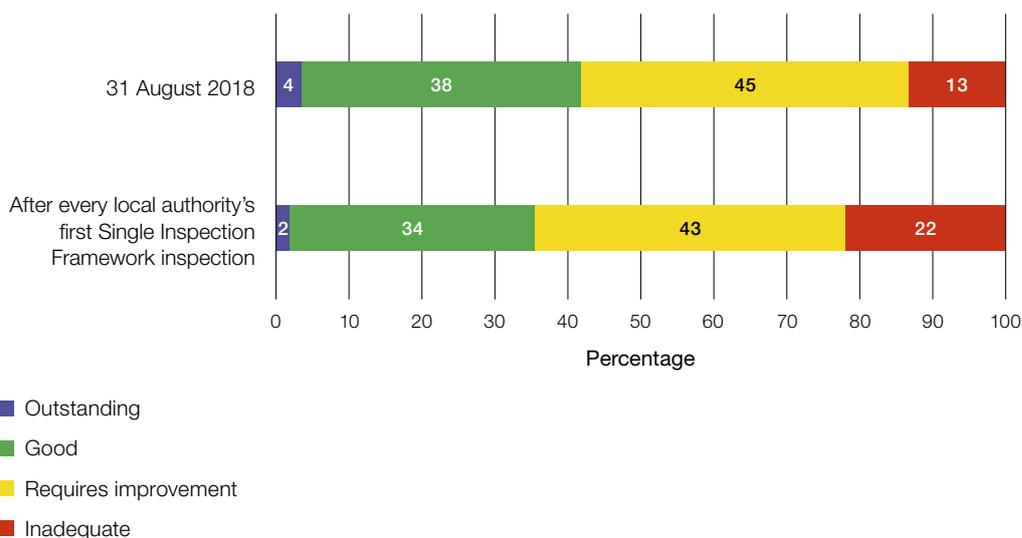
## The local authority financial response to increased demand for children's social care

**2.18** In *Financial sustainability of local authorities 2018* we found that their central government funding fell by an estimated 49.1% in real terms between 2010-11 and 2017-18, equating to a 28.6% real-terms reduction in 'spending power'. Alongside this reduction in funding, local authorities have dealt with a growth in activity in a number of key services, including children's social care. There has been a particularly costly increase in the number of looked-after children.

**Figure 12**

## Ofsted assessments of overall effectiveness of local authorities

Local authorities overall improved when they were reinspected by Ofsted

**Notes**

- 1 First inspection covers initial assessments under the Single Inspection Framework, introduced in 2013.
- 2 Percentages are rounded and may not add to 100. Where the number of inspections are small, percentages should be treated with caution.

Source: Ofsted, The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2017/18

**2.19** Most local authorities overspend on children's social care, and this has an impact on their financial sustainability as well as the funding available to other services. In 2017-18, the total national overspend on children's social care 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. Children's social care is the only area of activity on which local authorities have consistently overspent each year since 2010-11. Local authorities are planning to spend some £540 million more on children's social care in 2018-19 than they planned to spend in 2017-18, a rise of 6.8%. Most of this increase (£350 million, a 9.1% increase) is on the additional children taken into care.

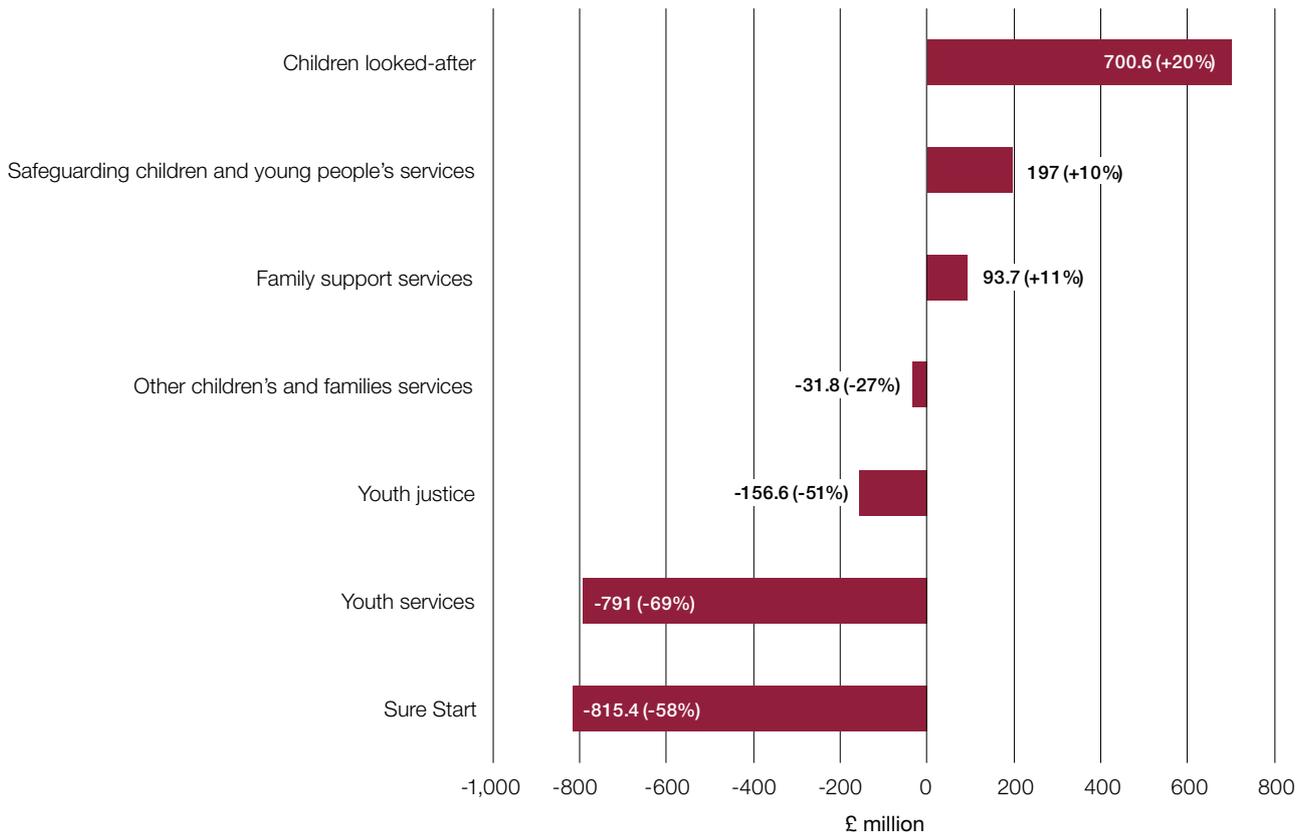
## Local authorities have protected spending on children's social care

**2.20** Spending on children's social care overall has seen an increase in real terms. While spending on youth justice and other children's and family services has substantially declined since 2010-11, spending on safeguarding children and young people's services, family support services and looked-after children have all increased by more than 10% (**Figure 13**).

**Figure 13**

Change in expenditure on children's social care, all local authorities in England, 2010-11 to 2017-18 (real terms in 2017-18 prices)

Spending on safeguarding children and young people's services, family support services and looked-after children have all increased by more than 10%

**Note**

1 Data taken from the Department for Education's Section 251 data, used for this graphic because it allows greater breakdown of spending across different time periods.

Source: National Audit Office analysis

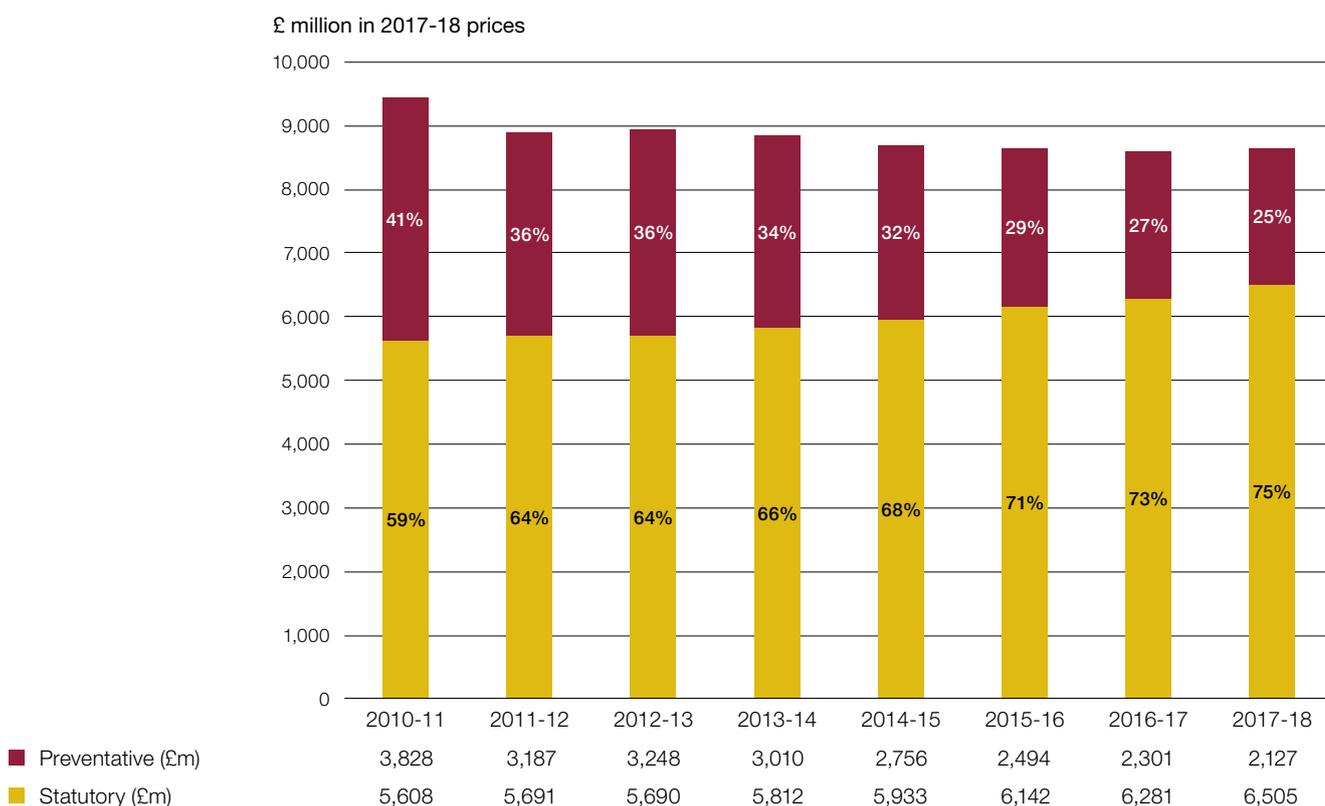
Local authorities are reducing spending on the non-statutory elements of their children's services

**2.21** In 2017-18, 75% of local authority spending on children's services was on statutory services. Spending on preventative children's services has fallen to 25% from 41% in 2010-11 (or £1.7 billion in real terms) (**Figure 14**). The reduction in other children's services has seen the closure of Sure Start children's centres, as well as a reduction in other services known as 'early help' and 'early intervention.'

**Figure 14**

Overall spending on children's services, all local authorities in England, 2010-11 to 2017-18 (real terms, 2017-18 prices)

Local authorities have maintained statutory spending while reducing spending on preventative children's social care



**Notes**

1 Data taken from the Department for Education's section 251.

2 Net expenditure is used.

Source: National Audit Office analysis

# Part Three

## Our analysis of the causes of variation between local authorities

**3.1** Rising demand for children's social care generates cost pressures for local authorities. Unnecessary variation can mean that available resources are not used to best effect in addressing rising demand. For the Department of Education (the Department) to address effectively demand pressures and variations, set out in Parts One and Two of this report, we would expect it to have:

- a quantified understanding of the causes of rising demand; and
- an approach to identify and minimise unnecessary variation between local authorities.

**3.2** This part of the report sets out:

- the Department's understanding of the reasons for rising demand and variation between local authorities;
- our analysis of the factors explaining variation between authorities; and
- our analysis of the impact so far on statutory child protection activities of closing children's centres.

### **The Department's understanding of the factors behind rising demand and variation between local authorities**

**3.3** The Department has a particular interest in the impact of changes in demand for children's services on the financial sustainability of local authority children's social care. Initial work on this attributed 41% of the overall increase in numbers of children in need over the period 2009-10 to 2016-17 to population growth, and a further 1% to an increase in the number of unaccompanied asylum-seeking children. This analysis did not, however, offer any quantified explanation of the rest of the increase in demand for children's social care, the 58%.

**3.4** Parallel work by the Department 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 was not comprehensive, lent too heavily on single-year correlations, limiting its explanatory power, and did not quantify the relative impact of different drivers. Exploratory work by the chief social worker for children, on the other hand, has found little evidence of greater complexity of need in the records of families facing court proceedings. The Department acknowledges that its work to date has not delivered the evidence 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.

**3.5** Together with the Ministry of Housing, Communities & Local Government (MHCLG) and HM Treasury, in late 2017 the Department commissioned research into the relative drivers of need in children's social care. The Department expects to complete this work by summer 2019. The aim is that this research will fit into a new government funding formula, which will be ready to implement at the provisional settlement for 2020-21. When completed the model should also allow local authority-level comparisons between predicted need and actual use, thereby allowing an exploration of where service use is higher or lower than might be expected given the detailed characteristics of local populations. Using individual-level data in multilevel models, the Department considers this approach to be more robust than the dependence on local authority-level data. This means that in combination with other analytical work, it may be possible to start to isolate the impact of variations in local authority policy and practice on variations in the use of children's services in order to help the Department and authorities explain local authority variation in demand more fully.

### **Our analysis of the factors explaining variation between authorities**

**3.6** Parts One and Two of this report set out the significant variation between local authorities in their children's social care activities and cost. While the Department acknowledges its role in helping local authorities to understand the reasons for increases in children's social care demand and activity, its own understanding in this area is limited. Because of this, we decided to conduct our own analysis to identify drivers of demand and variations in activity in children's social care.

**3.7** This analysis was not designed to be comprehensive, but rather to indicate areas which the Department ought to explore as it seeks to learn more about the drivers of demand for children's social care. We do not evaluate the performance of individual local authorities and the model described below does not allow us to evaluate relative cost-efficiency, or to attribute variations solely to better or worse practice.

## Our data and methods

**3.8** Local authority activity to meet actual and perceived risks to children has cost implications. More activity will generally incur additional costs, and this is most obviously true where an authority commits to a child protection plan that requires specific actions and for children subsequently taken into care. We therefore used, as the basic factor in our analysis, the number of child protection plans started in a year per authority. This is because this reflects the number of cases where a local authority decides that statutory intervention is required for the child's benefit. The Department agreed that this would be the most suitable measure of children's social care activity for local authorities.

**3.9** We looked at the differences between local authorities over time in their number of new child protection plans. To check that the results that we found would not be contradicted by using other measures of children's social care demand and activity, we also subsequently tested our results with other variables, including variation in the number of child protection assessments conducted by local authorities when they consider a child to be at serious risk of harm. These analyses produced broadly similar results, which gives assurance about the robustness of our findings.

**3.10** Our analysis of activity used a range of variables selected because the literature we reviewed identified these variables as associated with the prevalence of children's social care cases. These variables included: opioids and crack cocaine usage; teenage conceptions; abortion rates; deprivation;<sup>11</sup> and Ofsted ratings.

**3.11** We obtained data for our variables for each of the 152 top tier local authorities in England responsible for children's social care for the years from 2010 to 2017. This allowed us to assess the explanatory value of variables over time, rather than just correlate variables for a single year. Such explanatory power is more robust and valuable than mere correlation, which can only indicate a non-explanatory relationship between variables.

<sup>11</sup> We used two measures of deprivation: Income Deprivation affecting children index (IDACI), and Index of Multiple Deprivation (IMD). These measures were published in both 2010 and 2015. Keeping a constant methodology does allow some comparisons to be made over time between the Indices of Deprivation 2015, the most recent iteration, and previous versions, but any change can only be described in relative terms, for example, the extent to which an area has changed rank or decile of deprivation. They cannot be used to identify real change in deprivation over time, nor should they be constructed as a time-series. This is because various changes do occur between iterations, such as changes to data inputs, eligibility criteria for certain benefits used to measure the income and employment domains, revisions to population estimates or changes to area definitions meaning that any direct comparison could result in an inaccurate interpretation of changes in levels of deprivation over time.

**3.12** Using the standard statistical package for empirical econometric research, we tested the number of new child protection plans per local authority. As the data we used covered each local authority over a number of years, this enabled us to test for both local authority 'fixed effects' and 'time effects'.

- Local authority 'fixed effects' are features that distinguish one local authority or local authority area from another and which are unique to each authority. These will include: custom and practice in children's social care; local market conditions; geographical peculiarities distinct to a particular local authority; characteristics of children and their families within the local authority; historical patterns of demand for children's social care; community composition; and historical funding.
- 'Time effects' affect all local authorities at the same time, albeit to different extents. Examples of potential time effects include the introduction of government policy changes that affect all local authorities, and shocks to the overall child social care system, such as a high-profile child death.

### **Our findings on the reasons for variation between local authorities across time**

**3.13** When we conducted our analysis to investigate the variables set out above and their impact upon local authority children's social care and activity, as measured by changes in child protection plans, our model enabled us to identify three variables that had significant explanatory power.

- Local authority fixed effects – that is, characteristics of the local authority unique to that authority or local authority area – may account for 50% of variation between local authorities over time.
- Deprivation seems to explain 15% of variation in demand and activity between local authorities in children's social care, as measured by new child protection plans.
- Time effects – such as those applying to local authorities equally from a national policy change – appear to explain 10% of variation between local authorities.
- 25% of the variation remained unexplained by the model.

**3.14** For other variables, such as teenage pregnancy and opioid usage, we found that while rates of these tended to be correlated with high amounts of children's social care activity, they did not directly explain these levels of activity. Ofsted ratings for children's social care services were not correlated in any way with changing levels of child protection plans.

**3.15** As the term 'fixed effects' refers to the characteristics of a local authority which distinguish it from other authorities, we were keen to use our analysis to understand more about what is contained within it. We conducted further testing of these fixed effects by testing them against two further variables: levels of spending on children's social care, and vacancy levels for children's social workers. Following these tests, the level of variation in demand and activity that appears to be explained by fixed effects changed to 44%. This means that some portion of the fixed effects is explained by factors such as spending on children's social care and social worker vacancies, but this is a small portion of the overall effect. We also tested the fixed effects to see if they are consistent across time, and found that there was stability across the time period of our analysis. Finally, we tested to see if there were any discernible geographical patterns in fixed effects, and found that there were not.

**3.16** As set out earlier in the report, the children's social care system is one in which local authorities have a high degree of autonomy. We conducted six case study visits, and in each of these we observed how the decisions of individual local authorities affected the approach they took to children's social care. In Leeds, for example, the local authority has decided not to close its children's centres at all. In Essex, the local authority took the view that it had a disproportionately high number of looked-after children, and reduced this from 1,600 in 2011 to 1,067 in 2018. Our analysis would therefore appear to reflect the high degree of autonomy that local authorities have in children's social care, as is also reflected by what we found in our case study visits.

**3.17** Our analysis, while new, does not have the granularity that would allow us to identify the distinct elements of local authorities and their areas which explain variations between authorities. Such analysis would require work on more detailed child-level data. Only the Department is in a position to collate and analyse these data. This is outside of the practical scope of our study.

## **Our findings on prevention and Sure Start**

**3.18** Over our period of analysis, around half of local authorities did not close Sure Start children's centres, and those that did close them did so in different years. This enabled our analysis to measure the difference between those places that took different approaches to their children's centres, and also to isolate the effect of this on children's social care activity.

**3.19** The Department's data show that between 2010 and 2017 local authorities in England closed more than 500 Sure Start children's centres. Despite the scale of closures, research suggests that most of the centres closed were not in the most disadvantaged areas. The proportion of children's centres in the 30% of most disadvantaged areas in England remained constant between 2009 and 2017.<sup>12</sup>

12 G Smith et al, *Stop Start: survival, decline or closure? Children's centres in England*, 2018, available at: [www.suttontrust.com/research-paper/sure-start-childrens-centres-england/](http://www.suttontrust.com/research-paper/sure-start-childrens-centres-england/). This research suggests that the number of Sure Start centre closures might be as high as 1,000. The Department's data exclude those which, for example, closed sites but merged with other centres.

**3.20** As closures have happened at different times in different authorities we were able to test for the impact of closures by comparing rates of child protection plans between authorities over time. Stakeholders and academics have suggested that closing children's centres would result in increased, and more expensive, statutory child protection work.<sup>13</sup> We therefore tested the hypothesis that closing children's centres, a preventative service, would lead to an increase in demand for statutory services or in children's social care activity more generally.

**3.21** We found that for those local authorities that have closed centres so far, closing children's centres has not resulted in an increase in the use of statutory services, as measured by the use of child protection plans. In fact, for those local authorities which had closed centres there was a slight fall in the number of child protection plans in future years. This analysis addresses the narrow question of the impact of closures on child protection activity and does not comment on any wider value such centres may have.

<sup>13</sup> Such as: C Thomas, *The Care Crisis Review: Factors contributing to national increases in numbers of looked-after children and applications for care orders*, June 2018. London: Family Rights Group; Smith et al, *Stop Start*, April 2018. London Government Association, *Delivering children's centre services*, January 2018.

# Appendix One

## Our audit approach

**1** 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:

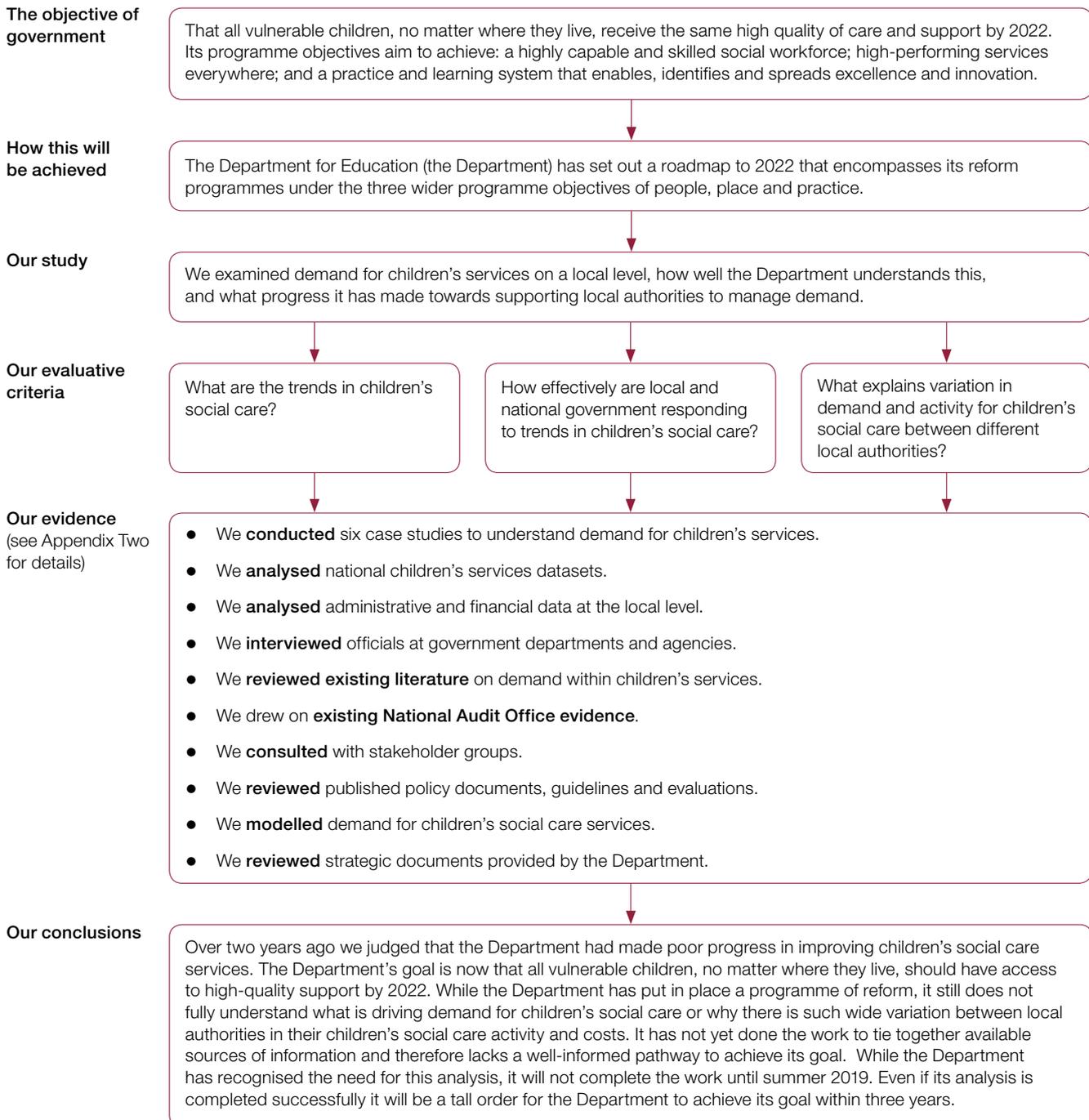
- the pressures on children's social care (Part One);
- the response of national and local government to increasing demand for children's social care (Part Two); and
- our analysis of what is causing variations in demand for children's social care between local authorities (Part Three).

**2** We used three evaluative criteria to determine whether the child protection system was working effectively. This report is the fourth in a series on children's services. It follows our reports on children in need of help or protection, children in care, and care leavers, which we drew on to inform our findings in this report.

**3** We have summarised our audit approach in **Figure 15** overleaf. We describe our evidence base in Appendix Two.

**Figure 15**

## Our audit approach



# Appendix Two

## Our evidence base

- 1 We completed our review of demand within children's social care following our analysis of the evidence we collected between April and August 2018. Our audit approach is outlined in Appendix One.
- 2 We applied an evaluative framework to our analysis to consider the Department for Education's (the Department's) role in overseeing children's social care.
- 3 We analysed the current and changing demand within children's social care:
  - We carried out a desk-based review of existing literature, academic research and published policy documents. We used this review to develop our understanding of the wider context. The literature review was conducted by internet search, supplemented by information provided or recommended by stakeholders interviewed.
  - We collected and analysed publicly available and government-held data on the costs and measures within children's social care. The primary sources of this information were local authority returns to the Department on their children's social care activities (submitted via the section 251 returns) between March 2012 and March 2018.<sup>14</sup> Our approach was the same as our practice in our previous work on children's social care.<sup>15</sup>
- 4 We carried out analysis designed to identify the factors which are driving variation in demand and activity between local authorities. This analysis tested whether it is possible to explain measured variation between local authority children's social care activity and demand by factors including the amount of deprivation in a local authority. We also used this analysis to examine the relationship between the closure of children's centres and levels of children's social care activity.

<sup>14</sup> Section 251 returns are a requirement of the Apprenticeships, Skills, Children and Learning Act 2009. Local authorities must submit statements about their planned and actual expenditure on children's social care. Local authorities submit their statements to the Secretary of State for Education.

<sup>15</sup> Children in need per episode variation was calculated using section 251 data (total expenditure for 'Social work (including local authority functions in relation to child protection)' and using the children in need episodes throughout the year).

**5** This analysis was conducted using data at the local authority level that was mostly publicly available. In addition, the Department provided us with data on the closure of children's centres. The analysis was performed using various different variables as indicators of measured demand and activity, including: numbers of looked-after children; numbers of section 47 enquiries; stocks of child protection plans; and the number of new child protection plans. We concluded, with the agreement of the Department, that the number of new child protection plans in a given year is the best measure of demand and activity available, as this reflects the number of referrals to child protection services that a local authority has received that require action. We also subsequently carried out our analysis with the other measures of demand and activity mentioned above and these produced broadly similar results. We decided against using spending data for this analysis due to concerns about the robustness of these data as an indicator of children's social care activity.

**6** To undertake our analysis, we obtained data on a range of variables covering each of the 152 top tier local authorities in England for the years from 2010 to 2017. These variables were selected because of their theoretical association with children's social care activity, and for data availability, and included opiates and crack cocaine usage; teenage conceptions; abortion rates; and deprivation.

**7** We conducted our analysis using Stata, the current standard package for empirical econometric research. The number of child protection plans per 0–17 population was regressed individually and together in multivariate models. Our use of data over the years 2010–11 to 2016–17 meant that, in addition to testing for the impact of deprivation, we were able to use the panel data techniques of fixed effects and time effects. The term 'fixed effects' refers to the characteristics of a local authority or local authority area which distinguish it from other authorities and is unique to each local authority. These will include: custom and practice in children's social care; local market conditions; geographical peculiarities distinct to a particular local authority; historical patterns of demand for children's social care; community composition; and historical funding. 'Time effects' are effects that do not change across local authorities but that do vary over time. Examples of potential time effects include the introduction of government policy changes that affect all local authorities and shocks to the overall system like a high-profile child death.

**8** For our Sure Start analysis, we used a 'difference in difference' specification. We were able to use this because, over the period of analysis, around half of local authorities closed no children's centres, and those that did close them did so in different years. This enables us to estimate the impact of the closure of children's centres on children's social care activity.

**9** We conducted six case studies to explore what different children's social care authorities were experiencing with demand for children's social care and their response to it. Case studies varied by location, most recent Ofsted judgement, and budget. We visited: Birmingham Children's Trust, Essex County Council, Hampshire County Council, Leeds City Council, London Borough of Bexley, and Staffordshire County Council. At each authority we conducted semi-structured interviews with senior decision-makers, which explored:

- local experiences of demand for their children's social care;
- their response to the changing demand;
- engagement with the Department;
- how the authority uses information and data and shares them with the Department and other local authorities;
- their views on the Department's response to the changing demand; and
- their views on whether services and outcomes for children and families are improving.

We ran focus groups with social workers and managers to discuss their views on how demand has changed and the different responses to manage this.

**10** We also consulted stakeholders and academics to understand the local demands, the Department's approach to understanding and assessing these issues and the support in place for local authorities. They included:

- APPG Children;
- Association of Directors of Children's Services (ADCS);
- Barnardo's;
- Children's Commissioner;
- Children England;
- Children's Society;
- Early Intervention Foundation;
- Ernst & Young;
- Just for Kids Law;

- Professor Karen Broadhurst, Lancaster University; Family Justice Observatory;
- Dr Lisa Holmes, Rees Centre, University of Oxford;
- London Councils;
- Local Government Association;
- National Children's Bureau;
- PredictX;
- Research in Practice; and
- Professor Paul Bywaters, University of Huddersfield.

**11** We analysed administrative and financial data at the local level to understand the impact of service changes.

**12** We assessed whether the Department's understanding and assessment of what drives demand within children's social care are well informed, and that the Department is supporting local authorities effectively in managing this demand:

- We reviewed published policy documents, guidelines and evaluations to assess the Department's key aims and its objectives in achieving these aims.
- We reviewed strategic documents that the Department provided on its programmes and objectives.

**13** We also conducted semi-structured interviews with officials at the Department, focusing on understanding its:

- objectives for children's social care and how it seeks to achieve them;
- approach to cross-government working to support its children's social care objectives; and
- approach to driving improvement throughout the sector.

**14** We also conducted semi-structured interviews with officials from other departments to understand wider children-focused government programmes:

- Cabinet Office;
- Department for Work & Pensions;
- Her Majesty's Treasury;
- Ministry of Housing, Communities & Local Government;
- Ministry of Justice; and
- Office for Standards in Education, Children's Services and Skills (Ofsted).

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