Written evidence submitted by the Children’s Services Development Group (CSDG)

Executive summary

- As identified by the National Audit Office (NAO), there are a number of issues to be addressed if local authorities are to be able to meet increasing service demand and ensure positive long-term outcomes for vulnerable children and young people.

- Similarly to the NAO, CSDG’s members have found demand pressures and funding constraints are creating significant variation in access to services. Care thresholds are frequently being set too high for children to access appropriate services, ultimately compounding the difficulties they face and making it more likely they will require greater support in future.

- Like the NAO, CSDG members have also found funding constraints have led to cuts in non-statutory services such as early help provision, removing support that can reduce the number of young people needing to go into care and therefore increasing longer term costs to local authorities.

- In order to address the issues raised by the NAO, there is a need to move towards a commissioning approach that is led by child-centred outcomes, not short-term cost considerations, to ensure children and young people are easily able to access the right care first time. This should be supported by the introduction of a practical National Outcomes Framework – to benchmark all providers, including local authority provision, on value, quality, cost and outcomes – enabling commissioners to make strategic use of data to ensure better placements for children and young people in the first instance.

- In parallel to this, there needs to be a more robust national, and also local, understanding of the changing demand for services, the causes of that demand and whether the right provision is available locally to meet it. This will ultimately ensure better access to the right placements first time for vulnerable children and young people, and prevent unnecessary placement moves or breakdowns, as well as driving better value for local authorities.

- It is essential this does not ignore the importance of providing appropriate support post-18 as young people transition into adulthood. The cliff-edge in funding and support available at age 18 ultimately impacts vulnerable young people’s longer-term outcomes, undermining and often negating the hard work undertaken pre-18 to prepare them for adulthood and the significant investment made by local authorities and providers.

Pressure on children’s social care

1. As identified by the NAO’s report, increasing numbers of children and young people are entering care. Many of these young people have highly complex needs, reflected in rising demand for specialist education and care for young people with special educational needs and disabilities (SEND).

2. There were around 10,000 more looked after children in England in 2017/18 than in 2010/11, with the number increasing from 65,520 to 75,420 during this period. At a time of ongoing local authority financial constraint this is placing increased pressure on local services. The Local Government Association (LGA) has predicted there will be a £3bn funding gap for children’s services by 2025.

3. CSDG’s members operate across all 152 local authorities in England and, as such, have a cross-authority view of the challenges facing the sector as a whole. Our members are leading independent providers of children’s services, working across fostering, residential care and SEND provision. They play an important

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2 Local Government Association, Councils face almost £8 billion funding black hole by 2025, 3 July 2018.
role in supporting local authorities to meet increasing service demand, particularly for those young people with the most complex needs.

4. All CSDG members are focused on providing high quality care and education that meets each individual young person’s needs. This aims to deliver positive long-term outcomes for the young people and therefore value for money for local authorities. As such, we fully support the government’s ambition of ensuring all vulnerable children have access to high-quality support by 2022. However, there are a number of issues that must be addressed if that ambition is to be achieved.

**Increasing demand**

5. Local authorities are rightly expected to develop local service provision based on demand and needs within their area. CSDG recognises the pressures local authorities are under at a time of increasing demand and decreasing funding. As per the NAO’s findings, our members have also found this is creating significant variation in access to services across local authorities and a reduction in the early intervention services that help reduce longer term demand for more specialist services.

6. Our members have found, in many instances, care thresholds are being set too high for children to access the services they need, meaning there are significant numbers of young people and looked after children unable to access appropriate services. This only serves to exacerbate rather than improve their circumstances, which ultimately leads to increased demand for more interventionist, specialist services in future.

7. In addition, members have found that funding constraints are also driving local authorities to limit provision of non-statutory services such as early intervention and edge of care services. This trend is most evident in the reductions in spending on early help services, designed to identify and prevent child abuse and neglect. Department for Education figures on planned local authority and school expenditure for 2018 to 2019 show that, over the past five years, funding for these services reduced by £743 million.\(^3\)

8. This non-statutory provision is important in reducing pressure on statutory services and preventing young people from entering care in the first place – ultimately reducing longer term costs to local authorities. CSDG believes the demand pressures identified by the NAO, particularly from older young people, have in part stemmed from previous cuts to early intervention and prevention services. If this short-term approach to funding decisions continues, with a limit on non-statutory early intervention services, then demand pressures for more costly, statutory interventions will not be improved.

9. It is critical local authorities are able to make short-term investments in these non-statutory services to achieve long-term benefits – preventing potentially negative and traumatic experiences for vulnerable children and their families and averting unnecessary cost pressures for local authorities further down the line.

**Commissioning and funding challenges**

10. The NAO has identified high cost implications from the current focus of children’s services delivery, particularly regarding support for looked after children, and variation in costs between local authorities. More specialist care placements will necessitate higher funding to ensure a young person’s needs can be appropriately met. Similarly, not all placement types are right for every young person, and it may be the right choice for a young person to be placed in residential care rather than foster care, particularly for more specialist care and support.

11. CSDG believes that more can be done to ensure the best possible support for vulnerable children and young people is provided in the most effective and efficient way. Innovative reforms to funding and the

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commissioning process are needed to remove the historic cost-based approach and ensure a focus on the needs of children and young people. This will enable local authorities to spend money more efficiently and ensure children can access the most suitable placements for their needs first-time round. At a time of ongoing funding constraints, it is essential the whole sector works collaboratively in this respect.

Commissioning

12. Firstly, this needs to be reflected in commissioning approaches: it is essential there is clear recognition that efficiency does not equate to finding the lowest cost provision. Commissioning should be based on a young person’s needs, finding the best provider to meet them the first time, rather than focusing on short-term cost considerations.

13. Achieving the right placement first time reduces placement churn and ultimately gives a young person better chances at achieving longer-term positive outcomes, including a successful transition to adulthood. This is not only the right option for the young person in question, but also serves to significantly reduce the lifetime costs of their care and education over the long-term.

14. As such, CSDG is calling for a clear focus on outcomes-based commissioning to enable young people to access the right services first time and to ensure value for money for local authorities. Our members have found some local authorities take an ‘in-house first’ approach to commissioning because of an inaccurate belief that the independent sector is more expensive. This approach fails to take account of the fact that ‘like for like’ cost comparisons between local authority and independent sector provision are difficult.

15. In-house fees are just one part of the total cost of a placement to a local authority, whereas independent sector fees are fully inclusive costs that include return on investment, risk, and recruitment and training costs. In addition, the independent sector often cares for children and young people with the most complex needs who require highly specialist provision, which has associated cost implications. Sir Martin Narey’s independent review of foster care found there is actually limited difference between local authority and independent sector fee rates and identified that independent providers “care for more demanding children”.

16. To address this issue, CSDG has consistently advocated for the introduction of a practical National Outcomes Framework across all children’s services. This would effectively benchmark all providers, including local authority provision, on value, quality, cost and outcomes. This would allow for outcomes-based commissioning, with commissioners making strategic use of data to ensure better placements for children and young people, focused on their needs rather than short-term costs or provider ownership. This will ensure more efficient commissioning, to the benefit of vulnerable young people and local authorities, and is aligned with the NAO’s concerns about the current use of data to make cost-effective care decisions.

Funding

17. Secondly, in addition to commissioning reform, it is essential appropriate funding is made available for local authorities in line with the increased demand pressures local authorities face. In addition, government, local authorities, providers, and education and health bodies should make better use of the available data to plan for increasing service demand and especially complexity of needs.

18. This was a clear issue identified by the NAO, and CSDG agrees that there needs to be a far more robust national, but also local, understanding of the changing demand for services, the causes of that demand and whether the right provision is available locally to meet it. CSDG hopes that the government’s work, due to conclude in the summer, will help to address this knowledge gap. This is essential to ensuring

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effective planning and making better use of resources to deliver the best possible services for children and young people’s needs.

19. This type of understanding and planning is particularly important given the different funding streams that are used to deliver children’s services. This includes local authorities’ children’s services budgets, the high needs block of school funding, and health funding. This is a complex funding environment and therefore effective use of data and planning, with collaboration between different responsible agencies and providers, is essential.

20. CSDG believes this would be effectively supported by the development of a practical National Outcomes Framework. This would tackle the variation in spending and service costs identified by the NAO and ensure local authorities are achieving genuine value for money in their commissioning.

Transition to adulthood

21. One area that was not within the remit of the NAO’s work, but is inextricably linked to children’s services provision, is support for the transition into adulthood. CSDG members have experienced challenges in ensuring continued access to the right care and support for vulnerable young people once they turn 18. Our members have experienced a cliff-edge in funding at this point, despite positive policy developments on increased support for care leavers and the implementation of the SEND Code of Practice.

22. This means local authorities are not necessarily providing continued support post-18. The complexity regarding whether children’s or adult social care budgets should be used for such support is limiting our members’ ability to ensure an effective and appropriately supported move into post-18 provision and increases the likelihood of detrimental outcomes emerging such as entry into the criminal justice system.

23. This ultimately impacts vulnerable young people’s longer-term outcomes, undermining and often actually negating the hard work undertaken pre-18 to prepare them for adulthood. The right investment is crucial to ensure these young people receive the care and support they need to live independently and lead fulfilling adult lives in the same manner as young people who have not been through the care system.

24. CSDG is calling for a more consistent approach to transitions, where existing requirements are met alongside clearer collaboration between local authorities and providers to achieve this. Preparation for adulthood should be seen as a fundamental purpose of care and support and this should be included, with appropriate funding, as a core part of children’s services delivery.

About CSDG

25. CSDG is a coalition of leading independent providers of care and specialist education services for children and young people with complex needs. Members include Compass Community, Core Assets Group, NFA Group, Outcomes First Group, SENAD Group and Witherslack Group.

26. Members provide various settings and services, including special educational needs, residential care and fostering across all of England’s 152 local authorities. As a collective voice for the independent sector, CSDG champions child-centred, meaningful, and outcomes-focused support for vulnerable children and young people in order to ensure their stable and successful transition into adulthood.

27. The independent sector has an invaluable role to play in helping local authorities meet the rising demand for care for looked after children and education and support for those with SEND. This is particularly the case for those children with complex needs who require highly specialist and bespoke services that local authorities are often unable to provide directly themselves.
28. CSDG recently published a consensus driven report on the State of Children’s Services 2018/19. This was developed following a policy roundtable and conversations with a range of children’s charities, providers, and local authority groups, and provides a snapshot of current thinking in the sector. This includes eight policy recommendations aimed at ensuring all vulnerable children and young people are able to access the care and support they need and deserve:

- The government must work with local authorities and providers to develop a vision for the purpose of children’s social care and specialist education, recognising that this should focus on achieving permanence for each child and young person.

- Guidance should be developed to ensure children and young people are placed at the heart of commissioning and service development decisions, ensuring better assessments are undertaken so the focus is on their needs rather than short-term cost considerations.

- Commissioning must be underpinned by improved use of data to understand how needs can be best met and which providers are best-placed to achieve this. This should include consideration of developing a National Outcomes Framework that benchmarks all children’s services provision on value, quality, cost and outcomes.

- An improved Commissioning Support Programme, that takes full account of the nuances of children’s services commissioning, must be reinstated to equip commissioners with the skills and tools to analyse population data, build relationships with providers, and make decisions that will improve outcomes. This will help to address the issues caused by the lack of a split between local authorities’ commissioner and provider roles.

- Personal development outcomes, such as building strong relationships and being able to live more independently, should be seen as important long-term outcomes to achieve from children’s services, as well as educational and employment outcomes.

- A “team around the child” approach should be the default position for all care and education, ensuring a holistic package of support is given to every child, based on their individual needs and involving all relevant agencies to ensure they are met.

- A more consistent approach to transitions should be introduced, where existing requirements within measures like the SEND Code of Practice are met, alongside clearer collaboration between local authorities and providers to achieve this. This should enable a seamless move from child to adult services, with preparation for adulthood seen as a fundamental purpose of care and support.

- Local authorities must be empowered to work with providers in their area to understand service demand and develop innovative ways of meeting this. Local authorities should be required to work together to develop and maintain a detailed understanding of current and future demand across all children’s services, including health and education, and the provision that is available and/or required to meet it.

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