



Department
for Education

Children's services: spending, 2010-11 to 2015-16

Research report by Aldaba

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Common terms

Children's services tiers: Local councils describe their children's services by using a four-tier model, which may be represented as a pyramid or continuum of needs.

- Tier 1: Universal services such as schools, and health visiting.
- Tier 2: Targeted services for children and families beginning to experience, or at risk of, difficulties; for example school counselling, parenting programmes, and support for teenage parents.
- Tier 3: Specialist services for children and families with multiple needs such as intensive family support, and services for children with disabilities.
- Tier 4: Specialist services for children and families with severe and complex needs, including **child protection** services, and **looked after children**.

Child in need: When a child is referred to children's social care at a local council, an assessment is carried out to identify if the child is in need of services or protection, including family support, leaving care support, adoption support, or disabled children's services. Children in need are those who are assessed as in need of support under Section 17 of the Children Act 1989, including cases where the child:

- is unlikely to achieve or maintain or to have the opportunity to achieve or maintain a reasonable standard of health or development without the provision of services from the local council;
- his or her health is likely to be significantly impaired, or further impaired, without the provision of services from the local council; or
- has a disability.

Child looked after, or looked after child: Within the group of **children in need**, looked after children are those who are looked after by local councils, and usually live with foster carers, or in residential care settings such as children's homes. The Children Act 1989 states that a child is looked after by a local council if he or she has been provided with accommodation for a continuous period of more than 24 hours, in the circumstances set out in sections 20 and 21 of the Act, or is placed in the care of a local council by virtue of an order made under part IV of the Act.¹

Child subject to a child protection plan: Within the group of **children in need**, children subject to a child protection plan are those who, following referral to children's social care at a local council, are assessed as being at risk of significant harm. They may become **looked after children**.

¹ Children Act 1989 is available at <http://www.legislation.gov.uk/ukpga/1989/41/contents>

Children’s social care: Tier 3 and tier 4 services for children in need and looked after children.

Early help: There is no single definition for this type of service. In this report, we use it as a term that includes **tier 1**, and **tier 2** services. Early help is a type of service which addresses a lower level of need than **children’s social care**.

Early intervention: The Early Intervention Foundation define early intervention as targeted activity to respond to emerging signals of risk in child development before problems become costly and irreversible. In this report, this is defined as equivalent to **early help**.

Low versus high need: In this report, a generic term to describe the complexity of the cases supported through different types of children’s services, as an approximation of the level of expertise, capacity and resources that they may require from the local councils. For example, high need cases are more likely to require intensive support and the collaboration of different professionals.

Non statutory services: Tier 1 and tier 2 services for cases with a lower level of need than children in need and looked after children.

Statutory services: Tier 3 and tier 4 services for children in need, and looked after children, as established in the Children Act 1989.

(Sure Start) children’s centre: A place or group of places which is managed by or on behalf of a local council with the purpose of ensuring that services for children under the age of five are available in an integrated manner; through which early childhood services are made available; and at which activities for young children are provided. Children’s centres provide access to a range of early childhood services, including community health services, parenting and family support, integrated early education and childcare, and links to training and employment opportunities for families with children under the age of five. Legislation about children’s centres is contained in the Childcare Act 2006 and local authorities, local commissioners of health services, and Jobcentre Plus must have regard to Sure Start children’s centre statutory guidance when carrying out their duties in relation to children’s centres.²

² Department for Education, Sure Start children’s centres, available at <https://www.gov.uk/government/publications/sure-start-childrens-centres>

Executive summary

Aim and objectives

1. The Department for Education ('the department'), commissioned Aldaba ('we') to update the estimates of children's services spending originally published in July 2016 as part of the report: 'Children's services: spending and delivery'. The updated estimates are for 2010-11 to 2015-16.
2. The objective of this report is to identify the changes in demand and spending faced by local councils during the years in scope. This is based on quantitative research, including statistical analysis of information on spending by local councils, and the number of children in need and looked after children.
3. All types of children's services are part of the scope of this report. However, the focus is on spending on services for children in need and looked after children specifically, for whom we have detailed information on the number of service users, which is required to produce estimates of spend per head. Children in need and looked after children represent around two thirds of the total spending on children's services. To clarify, the focus is on spending, as opposed to funding sources.

Demand

4. The rate of both children in need, and looked after children by 10,000 population aged under 18 years in England changed as follows, between 2010-11 and 2015-16:
 - The rate of children in need decreased by less than 1% from 339 per 10,000 population aged under 18 years in 2010-11 to 338 per 10,000 population aged under 18 years in 2015-16.
 - The rate of looked after children increased by 3% from 58 per 10,000 population aged under 18 years in 2010-11 to 60 per 10,000 population aged under 18 years in 2015-16.

Spending

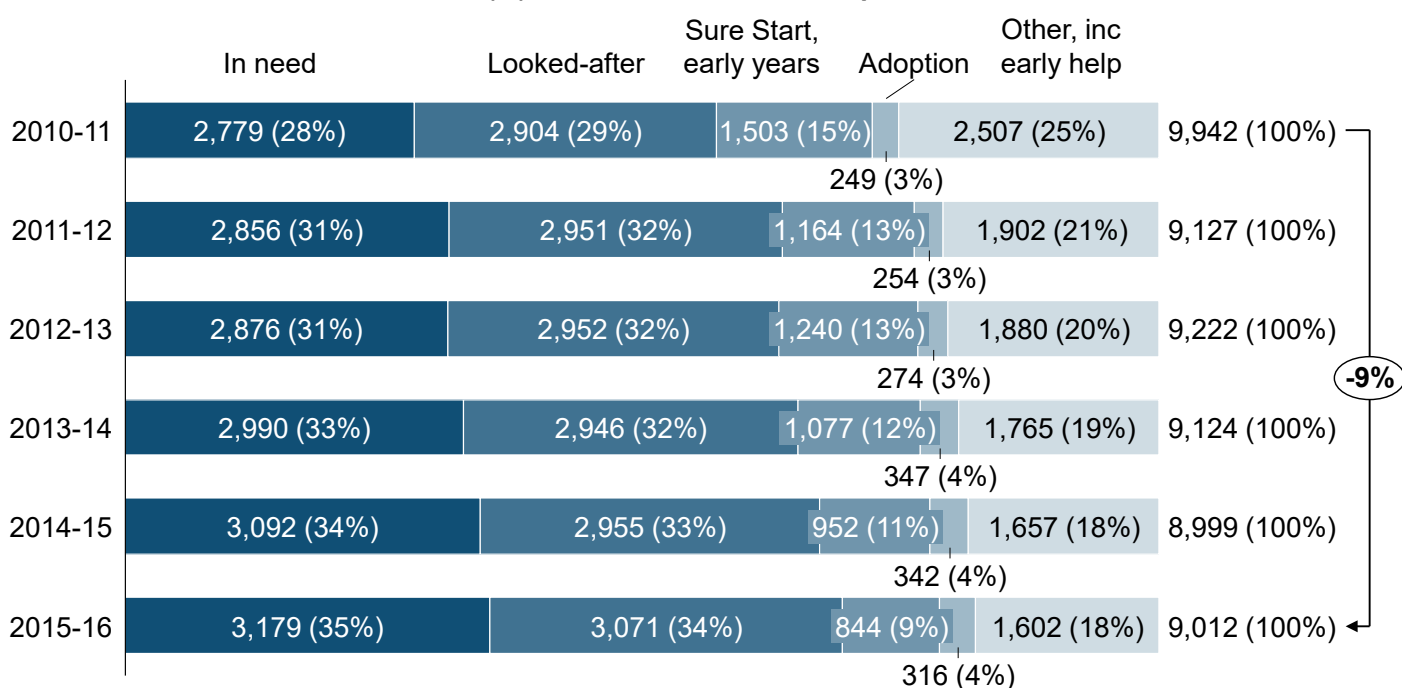
5. We used section 251 returns³ submitted to the department by local councils to illustrate the trends in councils' spending on children's services between 2010-11 and 2015-16. We estimate that the 152 local councils in England spent £9,243 million in total

³ This is total gross expenditure, excluding capital expenditure. Department for Education, Section 251, available at <https://www.gov.uk/government/collections/section-251-materials>

on children's services in 2010-11, or £9,942 million, in 2016 prices (adjusted for inflation). This decreased to £9,012 million in 2015-16, in 2016 prices. Therefore, total spending on children's services decreased by 9% in real terms between 2010-11 and 2015-16.

6. Total spending can be broken down into sub-categories, to give a more detailed understanding of the changes that took place over the period. See Figure 1, below. The absolute spending on children in need and looked after children increased between 2010-11 and 2015-16 by £399 million and £167 million respectively. The proportion dedicated to both children in need and looked after children within total children's services spending increased by 12 percentage points, from 57% to 69% of the total, between 2010-11 and 2015-16.

Figure 1 Total spending on children's services (£ million), across all 152 English local councils, by service area (%), 2010-11 to 2015-16, 2016 prices⁴



Source: Department for Education, Section 251 outturn, total expenditure

7. The increase in absolute spending on children in need and looked after children only tells a partial story. To better understand the increase in spending we must consider spending in relation to changes in the number of people using children's services; spend per head provides an indication of the level of resource that each individual child received between 2010-11 and 2015-16.

⁴ Detail of which section 251 spending lines are included in each of the sub-categories in Figure 1 is given at Table 4 in the technical appendix.

8. Spend per child in need by the average local council increased by 10% from £9,780 per year in 2010-11 to £10,780 per year in 2015-16. The following estimates provide a sense of the variation experienced by local councils:

- The amount that the 25% lowest spending local councils spent (this is, the amount per child in need below which 25% of local councils spent) increased by 12% from £7,420 or less per child in need, per year, in 2010-11 to £8,330 or less per child in need, per year, in 2015-16.
- The amount that the 25% highest spending local councils spent (this is, the amount per child in need above which 25% of local councils spent) increased by 11% from £11,500 or more per child in need, per year, in 2010-11 to £12,750 or more per child in need, per year, in 2015-16.

9. Spend per looked after child by the average local council decreased by 2% from £46,740 per year in 2010-11 to £45,650 per year in 2015-16. The following estimates provide a sense of the variation experienced by local councils:

- The amount that the 25% lowest spending local councils spent (this is, the amount per looked after child below which 25% of local councils spent) remained the same at £39,220 or less per looked after child, per year, in both 2010-11 and 2015-16.
- The amount that the 25% highest spending local councils spent (this is, the amount per looked after child above which 25% of local councils spent) decreased by less than 1% from £51,940 or more per looked after child, per year, in 2010-11 to £51,810 or more per looked after child, per year, in 2015-16.

10. The section 'Spend per head', on page 11, provides details of variation across local councils. The spreadsheet published alongside this report provides spend per head from 2010-11 to 2015-16, by local council, and English region.

Summary conclusion

11. Between 2010-11 and 2015-16 total spending by local councils on children's services decreased by 9%. Our analysis showed that spend per child in need by the average council increased by 10%, whereas spend per looked after child decreased by 2%. Individual local councils experienced large variations in spend per head.

Demand and spending

12. In this section, we explain how demand for, and spending on children's services changed between 2010-11 and 2015-16. The focus is on spending available in relation to numbers using children's services, also referred to as 'spend per head'.

13. Firstly, we start this section by describing changes in the number of children in need, and looked after children. This indicates the level of demand that children's services met between 2010-11 and 2015-16. We undertook this type of analysis for all 152 local councils in England.

14. Secondly, we describe total spending on children's services, as an indication of how much resource was committed to children's services between 2010-11 and 2015-16. We undertook this type of analysis for all 152 local councils in England.

15. Thirdly, we describe how spend per head changed across local councils. We draw comparisons on spend per head by the average local council between 2010-11 and 2015-16. We focused this type of analysis on the 139 local councils in England for which we had complete information. The 139 local councils represent approximately 95% of both the total number of children in need, and the spending on children's services over the period of time in scope. More details are available in the Technical appendix, on page 22.

Changes in demand

16. When a child is referred to children's services, the local council carries out an assessment to identify if the child is in need of services or protection, including family support, leaving care support, adoption support, or disabled children's services. Children in need are those who are assessed as in need of support under Section 17 of the Children Act 1989.

17. Changes in the number of children in need may be as a result of changes in both the actual levels of need, and the approaches taken by local councils to assess need, among other factors. As shown in Table 1, below, the total number of children in need in England in 2010-11 was 382,400.⁵ The total number in 2015-16 was 394,400. This represents a 3% increase between 2010-11 and 2015-16, across all 152 English local councils.⁶

⁵ Numbers of children in need and looked after children for 2010-11 are for 31 March of 2011. The same applies to subsequent years.

⁶ Department for Education, National Statistics, Characteristics of children in need, available at <https://www.gov.uk/government/collections/statistics-children-in-need>

18. Making the number of children in need relative to the overall population aged under 18 years shows whether the change in children in need happened at the same pace as the change in the overall population. The rate of children in need in England in 2010-11 was 339 per 10,000 population aged under 18 years. The rate in 2015-16 was 338 per 10,000 population aged under 18 years. This represents less than a 1% decrease between 2010-11 and 2015-16.

19. Within the group of children in need, looked after children are those who are looked after by local councils, and usually live with foster carers, or in residential care settings such as children's homes.

20. Changes in the number of looked after children may be as a result of changes in both the actual levels of need, and the approaches taken by local councils to assess need, among other factors. The total number of looked after children in England in 2010-11 was 65,510. The total number in 2015-16 was 70,440. This represents an 8% increase between 2010-11 and 2015-16, across all 152 English local councils.⁷

21. The rate of looked after children in England increased by 3% from 58 per 10,000 population aged under 18 years in 2010-11 to 60 per 10,000 population aged under 18 years in 2015-16.

Table 1 Children in need and looked after children numbers and rates in 2010-11 to 2015-16 across all 152 English local councils

		2010-11	2015-16	Change
Children in need	Number	382,400	394,400	+3%
	Rate per 10,000 population under 18	339	338	- 0%
Looked after children	Number	65,510	70,440	+8%
	Rate per 10,000 population under 18	58	60	+3%

Source: Department for Education, National Statistics, Characteristics of children in need; Looked after children

Changes in spending

22. Local councils have a number of funding sources, including grants from government, business rates, and council tax. A proportion of the government grants are not ring-fenced. This means that local councils have flexibility to use non ring-fenced

⁷ Department for Education, Statistics, Looked after children, available at <https://www.gov.uk/government/collections/statistics-looked-after-children>

grants to fund services. Local councils may also use their reserves, revenue from asset sales, and certain unused budgets from previous years to fund services.

23. Our analysis for this section of the report focused on actual spending by local councils between 2010-11 and 2015-16 using section 251 outturn returns submitted to the department by local councils⁸.

Total spending

24. The 152 local councils in England spent £9,243 million in total on children's services in 2010-11, or £9,942 million in 2016 prices (adjusted for inflation). This decreased to £9,012 million in 2015-16, in 2016 prices. Therefore, total spending on children's services decreased by 9% in real terms between 2010-11 and 2015-16.

25. Total spending can be broken down into sub-categories, to give a more detailed understanding of the changes that took place over the period. See Figure 1, below. The absolute spending on children in need and looked after children increased between 2010-11 and 2015-16 by £399 million and £167 million respectively⁹. The proportion dedicated to both children in need and looked after children within total children's services spending increased by 12 percentage points, from 57% to 69% of the total, between 2010-11 and 2015-16.

Spend per head

26. We adjusted the spending information by changes in inflation and labour costs to facilitate meaningful comparisons throughout the years, and across local councils. In this way, we obtained real terms spending estimates that are less biased by fluctuations in inflation, and differences in salaries.¹⁰ Our estimates of spend per child in need, and looked after child are the result of dividing total spending, adjusted by inflation and labour costs, by number of children. More details are available in Technical appendix, on page 22.

27. Our estimates of spend per head should not be used for the following purposes:

⁸ This is total gross expenditure, excluding capital expenditure. Department for Education, Section 251, available at <http://webarchive.nationalarchives.gov.uk/20130903161806/http://education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/section251/archive/b0068383/section-251-data-archive/outturn-data---detailed-level-2008-09-onwards> ; <https://www.gov.uk/government/collections/section-251-materials>

⁹ Detail of which section 251 spending lines are included in each of the categories in Figure 1 is given at Table 4 of the Technical appendix.

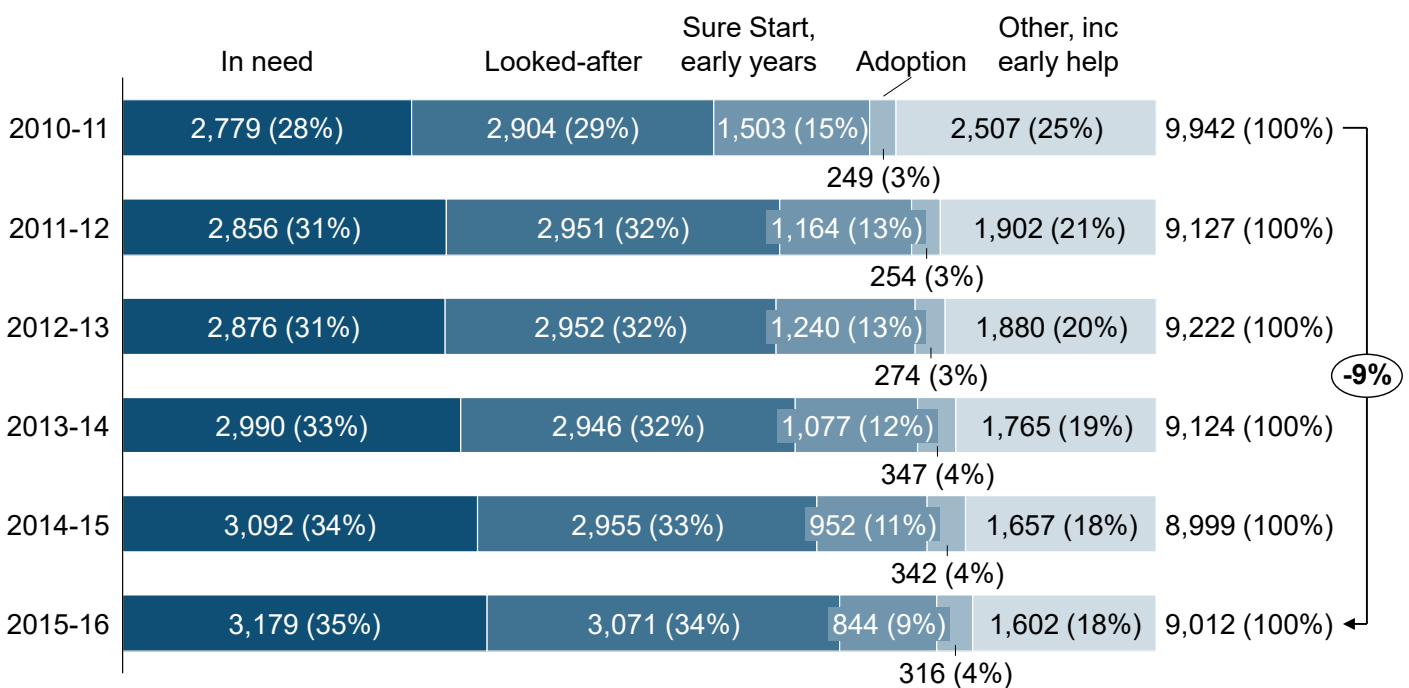
¹⁰ Example of salary bias: local council A spent £100 per head on a particular service; local council B spent £110 per head on the same type of service; however, salaries are 10% higher in council B; therefore, the actual level of resource that each service user receives is more similar than what the figures suggest.

- benchmarking the unit costs that local councils pay to service providers, for example, providers of residential care; or
- financial purposes, such as future budgeting.

28. Our estimates of spend per head are valid for statistical analysis purposes, but provide the wrong basis for commercial and financial considerations. For example, our estimates include certain overheads for which service providers might not charge. If a finance team at a local council used our estimates to produce budgets for certain services, these might be considerably inaccurate because it is not possible to separate out different types of overheads. In addition to this, our estimates of spend per head are not tailored to different levels of need and types of placements.

29. The estimates of spend per head included in this section are based on the 139 local councils for which we had complete information. The 139 local councils represent approximately 95% of both the total number of children in need, and the spending on children’s services over the period of time in scope. Estimates are adjusted for inflation and expressed in 2016 rounded prices.

Figure 1 Total spending on children’s services (£ million), by service area (%), in 2010-11 to 2015-16 across all 152 English local councils, 2016 prices

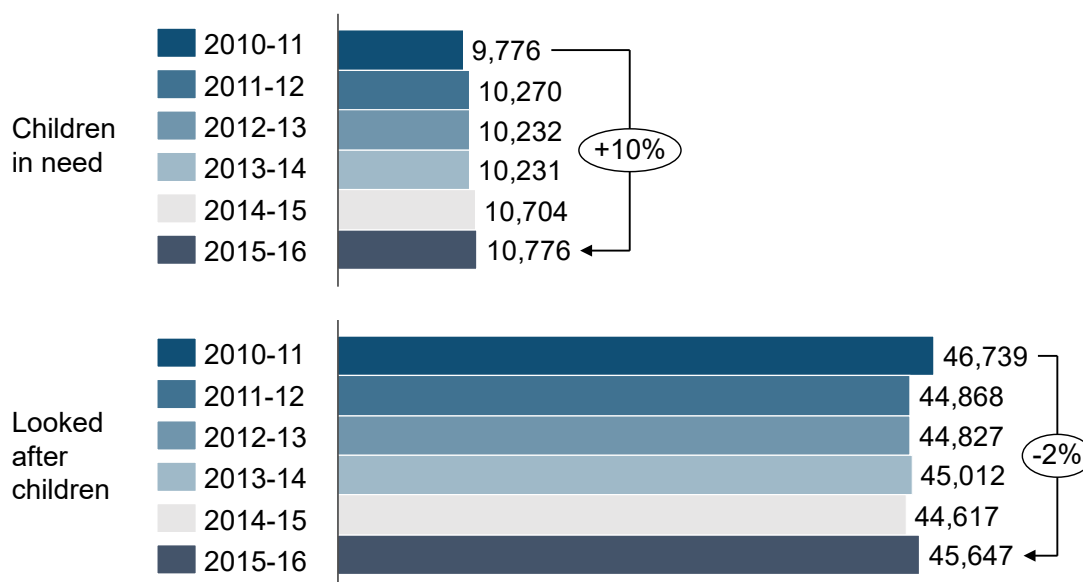


Source: Department for Education, Section 251 outturn, total expenditure

Spend per head by the average council

30. As shown in Figure 2, below, spend per child in need by the average local council¹¹ increased by 10% from £9,780 per year in 2010-11 to £10,780 per year in 2015-16. Spend per looked after child by the average local council decreased by 2% from £46,740 per year in 2010-11 to £45,650 per year in 2015-16.

Figure 2 Spend per head, per year (£), by the average (mean) local council and percentage change between 2010-11 and 2015-16 across 139 English local councils, 2016 prices



Source: Aldaba analysis of Department for Education, Section 251 outturn, total expenditure; and National Statistics, Characteristics of children in need; Looked after children

Spend per head by the range of councils

31. Details of the variation in spend per head experienced by local councils for the time period in scope are provided in Table 2, below. There was wide variation in spend per head between local councils for both children in need and looked after children, as shown by the minimum and maximum values.

32. Details of variation in spend per child in need include the following:

- The amount that the 25% lowest spending local councils spent (this is, the amount per child in need below which 25% of local councils spent) increased by 12% from £7,420 or less per child in need, per year, in 2010-11 to £8,330 or less per child in need, per year, in 2015-16.

¹¹ We use the phrase 'average council' to denote the average (mean) spend per head, at average (median) English salaries, which we obtained based on the estimates of spend per head for each of the 139 local councils included in the analysis. This is not the result of dividing total spend by total number of children.

- The amount that the 25% highest spending local councils spent (this is, the amount per child in need above which 25% of local councils spent) increased by 11% from £11,500 or more per child in need, per year, in 2010-11 to £12,750 or more per child in need, per year, in 2015-16.

33. Details of variation in spend per looked after child include the following:

- The amount that the 25% lowest spending local councils spent (this is, the amount per looked after child below which 25% of local councils spent) remained the same at £39,220 or less per looked after child, per year, in both 2010-11 and 2015-16.
- The amount that the 25% highest spending local councils spent (this is, the amount per looked after child above which 25% of local councils spent) decreased by less than 1% from £51,940 or more per looked after child, per year, in 2010-11 to £51,806 or more per looked after child, per year, in 2015-16.

Table 2 Spend per head, per year, in 2010-11 to 2015-16 across 139 English local councils, including minimum, maximum and quartile values, 2016 prices

		Minimum	Bottom 25%	Median	Top 75%	Maximum
Children in need	2010-11	£3,333	£7,417	£9,596	£11,502	£21,526
	2011-12	£4,248	£7,696	£9,770	£12,157	£24,529
	2012-13	£4,808	£8,091	£9,706	£11,630	£28,861
	2013-14	£4,258	£7,571	£9,761	£12,087	£23,868
	2014-15	£5,288	£8,392	£10,336	£12,630	£29,412
	2015-16	£4,873	£8,327	£10,481	£12,752	£22,720
Looked after children	2010-11	£20,241	£39,221	£45,117	£51,944	£103,332
	2011-12	£28,496	£38,725	£43,623	£50,391	£72,336
	2012-13	£27,271	£38,914	£42,891	£51,323	£69,928
	2013-14	£27,424	£38,255	£43,393	£50,791	£80,829
	2014-15	£24,277	£37,732	£42,969	£51,235	£71,333
	2015-16	£25,363	£39,221	£44,267	£51,806	£73,541

Source: Aldaba analysis of Department for Education, Section 251 outturn, total expenditure; and National Statistics, Characteristics of children in need; Looked after children

34. In Table 3, below, we can see spend per head in 2015-16 (this is, the latest of the six years in scope) for each of the 139 local councils included in the analysis. The

spreadsheet published alongside this report provides spend per head from 2010-11 to 2015-16, by local council, and English region.

Table 3 Spend per head, per year, in 2015-16 across 139 English local councils, 2016 prices

	Children in need	Looked after children
Barking and Dagenham	£12,902	£40,505
Barnet	£12,924	£60,926
Barnsley	£12,965	£46,883
Bath and North East Somerset	£9,951	£67,098
Bedford	£12,115	£41,562
Bexley	-	-
Birmingham	£12,254	£42,661
Blackburn with Darwen	£10,481	£33,096
Blackpool	£17,134	£35,804
Bolton	£5,801	£36,888
Bournemouth	£12,248	£70,079
Bracknell Forest	£7,400	£37,683
Bradford	£10,245	£39,495
Brent	£8,729	£25,363
Brighton and Hove	£11,942	£58,315
Bristol, City of	£9,458	£40,542
Bromley	£12,022	£44,254
Buckinghamshire	£17,817	£62,285
Bury	£8,526	£33,090
Calderdale	£12,956	£42,856
Cambridgeshire	£14,580	£44,310
Camden	£8,733	£57,308
Central Bedfordshire	£13,886	£55,600
Cheshire East	£11,425	£51,580
Cheshire West and Chester	£10,611	£41,969
City of London	-	-

	Children in need	Looked after children
Cornwall	-	-
County Durham	-	-
Coventry	£10,310	£52,406
Croydon	£9,364	£42,467
Cumbria	£13,930	£44,097
Darlington	£11,100	£41,961
Derby	£8,501	£49,057
Derbyshire	£6,784	£62,318
Devon	£12,666	£60,834
Doncaster	£11,496	£49,169
Dorset	£12,033	£46,509
Dudley	£6,852	£44,836
Ealing	£8,116	£61,541
East Riding of Yorkshire	£6,890	£58,606
East Sussex	£13,163	£52,698
Enfield	£10,647	£35,073
Essex	£13,152	£56,949
Gateshead	£10,165	£41,997
Gloucestershire	£10,413	£43,426
Greenwich	£11,050	£56,413
Hackney	-	-
Halton	£8,855	£45,030
Hammersmith and Fulham	£7,754	£45,842
Hampshire	£6,117	£43,188
Haringey	£16,925	£48,077
Harrow	£8,771	£51,597
Hartlepool	£12,392	£32,319
Havering	-	-
Herefordshire, County of	£12,676	£52,348

	Children in need	Looked after children
Hertfordshire	£12,965	£53,030
Hillingdon	£6,321	£47,697
Hounslow	£6,609	£40,747
Isle of Wight	-	-
Isles of Scilly	-	-
Islington	£8,021	£34,232
Kensington and Chelsea	£18,486	£58,280
Kent	£13,616	£35,742
Kingston upon Hull, City of	£7,241	£37,819
Kingston upon Thames	£10,586	£36,557
Kirklees	£17,523	£47,945
Knowsley	£10,037	£45,443
Lambeth	£7,772	£44,442
Lancashire	£5,926	£39,862
Leeds	£9,997	£37,405
Leicester	£12,003	£35,978
Leicestershire	£13,014	£49,593
Lewisham	£9,580	£52,295
Lincolnshire	£20,713	£43,819
Liverpool	£8,804	£31,563
Luton	£11,370	£39,629
Manchester	£10,199	£31,249
Medway	£9,087	£47,382
Merton	£7,053	£51,185
Middlesbrough	£6,217	£61,427
Milton Keynes	£8,945	£35,624
Newcastle upon Tyne	£9,675	£41,197
Newham	-	-
Norfolk	-	-

	Children in need	Looked after children
North East Lincolnshire	£11,283	£43,795
North Lincolnshire	£14,655	£44,267
North Somerset	£7,631	£36,075
North Tyneside	£10,278	£43,326
North Yorkshire	£14,666	£46,389
Northamptonshire	£11,836	£59,465
Northumberland	£8,344	£41,260
Nottingham	£8,311	£61,579
Nottinghamshire	£14,073	£59,161
Oldham	-	-
Oxfordshire	£6,947	£38,148
Peterborough	£8,117	£50,999
Plymouth	£11,558	£52,872
Poole	£8,259	£46,931
Portsmouth	£12,444	£40,055
Reading	£5,199	£53,215
Redbridge	£7,728	£52,015
Redcar and Cleveland	£12,447	£50,166
Richmond upon Thames	£9,045	£44,910
Rochdale	£13,180	£41,123
Rotherham	£17,484	£59,576
Rutland	£12,588	£35,050
Salford	£7,511	£35,924
Sandwell	£10,107	£42,262
Sefton	£14,610	£42,270
Sheffield	£8,669	£43,531
Shropshire	£9,025	£63,603
Slough	£7,070	£38,315
Solihull	£12,628	£34,543

	Children in need	Looked after children
Somerset	£12,827	£64,831
South Gloucestershire	£7,819	£46,043
South Tyneside	£10,981	£46,140
Southampton	£7,747	£35,105
Southend-on-Sea	£18,274	£40,347
Southwark	£6,204	£34,667
St. Helens	£7,802	£39,536
Staffordshire	£10,031	£47,973
Stockport	£11,437	£39,839
Stockton-on-Tees	£5,642	£47,603
Stoke-on-Trent	£7,341	£38,773
Suffolk	£12,094	£38,946
Sunderland	£12,924	£43,550
Surrey	£10,287	£46,109
Sutton	£9,530	£55,536
Swindon	£6,547	£35,192
Tameside	£9,445	£45,779
Telford and Wrekin	£12,337	£39,674
Thurrock	-	-
Torbay	£22,720	£73,541
Tower Hamlets	£4,873	£29,116
Trafford	£10,838	£38,418
Wakefield	£13,945	£39,895
Walsall	£11,842	£37,098
Waltham Forest	-	-
Wandsworth	£8,467	£40,765
Warrington	£12,981	£44,544
Warwickshire	£11,898	£30,317
West Berkshire	£9,973	£30,645

	Children in need	Looked after children
West Sussex	£14,037	£57,526
Westminster	£5,337	£48,067
Wigan	£11,244	£44,429
Wiltshire	£11,710	£63,448
Windsor and Maidenhead	£7,023	£48,153
Wirral	£13,940	£32,620
Wokingham	£15,958	£54,273
Wolverhampton	£13,899	£44,444
Worcestershire	£12,870	£57,489
York	£10,412	£34,628

Source: Aldaba analysis of sources in previous figures

Limitations

35. The factors listed below may influence the findings from the analysis reported above:

- Changes to the accounting and reporting rules and practices across accounting teams.
- Exceptional circumstances in particular local councils, in particular years, such as single cases that had unusual impacts on children's services spending.
- Variations in local market prices, for example for the provision of residential care.
- Errors and inconsistencies in the published information used as a basis for the analysis.

Conclusion

36. Between 2010-11 and 2015-16 total spending by local councils on children's services decreased by 9%. Our analysis showed that spend per child in need by the average council increased by 10%, whereas spend per looked after child decreased by 2%. Individual local councils experienced large variations in spend per head.

Technical appendix

Coverage

37. To produce this report, we used statistical analysis of information available in the public domain on spending, and the number of children in need and looked after children. The focus was on 139 local councils for which complete information was available in the sources. The 139 councils represented approximately 95% of both the total number of children in need, and the spending on children's services over the period of time in scope. We excluded 13 local councils as a result of having missing data, or being outliers in the sources used for the analysis:

- Bexley
- City of London
- Cornwall
- County Durham
- Hackney
- Havering
- Isle of Wight
- Isles of Scilly
- Newham
- Norfolk
- Oldham
- Thurrock
- Waltham Forest

Method

38. Our analysis for this report focused on actual spending by local councils between 2010-11 and 2015-16.¹² This was based on section 251 outturn statistics produced by the department.¹³ We aggregated section 251 spending lines in relatively large types of

¹² This is total gross expenditure, excluding capital expenditure.

¹³ Department for Education, Section 251 outturns, available at <http://webarchive.nationalarchives.gov.uk/20130903161806/http://education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/section251/archive/b0068383/section-251-data->

spending: children in need, looked after children, Sure Start children’s centres, and other types of spending based on the criteria included in Table 2, below. This approach minimises some of the inconsistencies that have been identified in the most detailed spending lines.¹⁴

39. We adjusted the spending information available on this sources by changes in inflation and labour costs to facilitate meaningful comparisons throughout the years, and across the 139 local councils in scope. In this way, we obtained real term spending estimates that are less biased by differences in salaries across England.

40. This is an illustration of the bias that we addressed through our methodology: local council A spent £100 per head on a particular service; local council B spent £110 per head on the same type of service; however, salaries are 10% higher in council B; therefore, the actual level of resource that each service user receives is more similar than the figures suggest.

41. Our estimates of spend per child in need, and looked after child are the result of dividing spending, as previously explained, by the number of children. Our estimates should not be used for the following purposes:

- benchmarking the unit costs that local councils pay to service providers, for example, providers of residential care; or
- financial purposes, such as future budgeting.

Table 4 Section 251 headings included in estimates of spending on children’s services, by service area

	Heading	Total	In need	Looked after	Sure Start, and early years	Adoption	Other
1	Spend by individual Sure Start Children's Centres	Yes			Yes		
2	Spend on local authority provided or commissioned area-wide services delivered through Sure Start Children’s Centres	Yes			Yes		

[archive/outturn-data---detailed-level-2008-09-onwards](https://www.gov.uk/government/collections/section-251-materials) ; <https://www.gov.uk/government/collections/section-251-materials>

¹⁴ CIPFA, Children’s services spending and budgeting research, available at <http://www.cipfa.org/services/networks/childrens-services-finance-advisory-network/briefings/childrens-services-spending-and-budgeting-research-cipfa-dec-2014>

	Heading	Total	In need	Looked after	Sure Start, and early years	Adoption	Other
3	Spend on local authority management costs relating to sure Start Children's Centres	Yes			Yes		
4	Other early years expenditure	Yes			Yes		
5	Total Sure Start Children's Centres	No - total					
6	Residential care	Yes		Yes			
7	Fostering services	Yes		Yes			
8	Adoption services	Yes				Yes	
9	Special guardianship support	Yes					Yes
10	Other children looked after services	Yes		Yes			
11	Short breaks (respite) for looked after disabled children	Yes		Yes			
12	Children placed with family and friends	Yes		Yes			
13	Education of looked after children	Yes		Yes			
14	Leaving care support services	Yes					Yes

	Heading	Total	In need	Looked after	Sure Start, and early years	Adoption	Other
15	Asylum seeker services - children	Yes					Yes
16	Total Children Looked After	No - total					
17	Other children and families services	Yes					Yes
18	Social work (includes LA functions in relation to child protection)	Yes	Yes				
19	Commissioning and Children's Services Strategy	Yes	Yes				
20	Local safeguarding children's board	Yes					Yes
21	Total Safeguarding Children and Young Peoples Services	No - total					
22	Direct payments	Yes	Yes				
23	Short breaks (respite) for disabled children	Yes	Yes				
24	Other support for disabled children	Yes	Yes				
25	Targeted family support	Yes	Yes				
26	Universal family support	Yes					Yes

	Heading	Total	In need	Looked after	Sure Start, and early years	Adoption	Other
27	Total Family Support Services	No - total					
28	Universal services for young people	Yes					Yes
29	Targeted services for young people	Yes					Yes
30	Total Services for Young People	No - total					
31	Youth Justice	Yes					Yes
32	Capital Expenditure from Revenue (CERA) (Children's and young people's services)	No					
33	CHILDREN AND YOUNG PEOPLE'S SERVICES BUDGET (excluding CERA)	No - total					
34	CHILDREN AND YOUNG PEOPLE'S SERVICES BUDGET (including CERA)	No - total					
35	Substance misuse services (Drugs, alcohol and volatile substances)	Yes					Yes

Source: Department for Education, Section 251 outturn

42. Next, we show an illustration of how our approach to estimating spend per head works in practice. Spend per looked after child in 2012-13 in Gateshead was £40,267.64 in 2016 prices.

43. Firstly, we accessed the section 251 outturn information for the 2012-13 financial year. This was available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/280913/outturn_ta1_detailed_report_1213.xlsx

44. We calculated total spending for all of the looked after children services in Gateshead by adding up the following headings:

- Residential care: £4,326,541.00
- Fostering services: £7,085,236.00
- Other children looked after: £920,745.00
- Short breaks (respite) for looked after disabled children: £722,095.00
- Children placed with family and friends: £560,981.00
- Education of looked after children: £0.00
- Total: £13,615,598.00

45. We then adjusted total looked after child spending to 2016 prices by using the deflators available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/581687/GDP_Deflators_Qtrly_National_Accounts_December_2016_update.xls

46. We multiplied 2012-13 total spending by the inflation figure for the 2013-14 financial year, which was 1.649

- $£13,615,598.00 * (1 + (1.649 / 100)) = £13,840,155.47$

47. We multiplied this by the inflation figure in 2014-15, which was 1.469

- $£13,840,155.47 * (1 + (1.469 / 100)) = £14,043,438.17$

48. We multiplied this by the inflation figure in 2015-16, which was 0.743

- $£14,043,438.17 * (1 + (0.743 / 100)) = £14,147,802.98$

49. As a result, we obtained the total Gateshead spending on looked after children in 2012-13, which was £14,147,802.98 in 2016 prices

50. We then adjusted this to take regional variation in labour costs into account. We accessed Table 7.1a Weekly pay, gross, by place of work of the 2016 Annual Survey of Hours and Earnings, available at:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofworkbylocalauthorityashetable7>

51. We identified the median gross weekly salary for the 152 local authorities in scope in 2016: £441.90

52. We then calculated the labour adjustment index for Gateshead by dividing the median salary figure for Gateshead, which was £398.10, by the English median calculated above:

- $398.10 / 441.90 = 0.901$

53. We applied the labour cost adjustment to the total looked after children spending for 2012-13 in 2016 prices by dividing spending by the labour adjustment index:

- $£14,147,802.98 / 0.901 = £15,704,381.15$

54. We calculated spend per looked after child by dividing the total adjusted spending figure by the total number of looked after children in Gateshead. To do this, we accessed Looked After Children statistics, 2014, which are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/410395/SFR36_2014_LA_tables_revised.xlsx

55. The total number of looked after children in Gateshead at 31 March 2013 is 390 and is found in table LAA1 of the Looked After Children statistics.

56. Finally, we divided the total adjusted looked after children spending figure by the total number of looked after children:

- $£15,704,381.15 / 390 = £40,267.64$

57. Based on our approach, we estimated spend per looked after child in Gateshead for the year 2012-13 to be £40,267.64

58. Note that figures reported throughout this illustration are given to a limited number of decimal places. It is important that actual figures are carried forward at each stage of this calculation in order to obtain accurate estimates.

Other publications

59. Some recent publications have also looked into children's services spending.¹⁵ Ideally, estimates of spend per head require an alignment between the time references for spending and service requirements. For example, one year's worth of spending goes to children whose needs are fully addressed within the same year. However, in reality one year's worth of spending supports children with a variety of service requirements, including those who:

- became in need in previous years, and stop being in need in the year under observation
- become, and stop being in need within the year under observation

¹⁵ National Children's Bureau, No good options: report of the Inquiry Into Children's Social Care in England, available at <https://www.ncb.org.uk/resources-publications/resources/no-good-options-report-inquiry-childrens-social-care-england> ; Department for Education, Local authority interactive tool (LAIT), available at <https://www.gov.uk/government/publications/local-authority-interactive-tool-lait> ; National Audit Office, Children in need of help or protection, page 13, available at <https://www.nao.org.uk/report/children-in-need-of-help-or-protection/>

- become in need in the year under observation and stop being in need in later years.

60. The information available in the public domain does not allow to establish whether ‘snapshot numbers’, such as all children in need or looked after as at 31 March, or ‘throughput numbers’, such as all children supported throughout the year, provide a better denominator to obtain spend per head estimates. In this report, we decided that ‘snapshot numbers’ provide a better denominator, which results in a reliable indication of the spending that goes to a profile of need that may be reasonably supported within a year. It avoids including in the estimates profiles that are mostly supported through the previous, or following year’s worth of spending.



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