



## **Briefing: The Cost of Delaying Reform to Children's Social Care**

*New analysis commissioned by the UK's leading children's charities reveals the cost of children's social care is escalating due to government delays in implementing reforms across England. We are calling for cross-party consensus to invest in wholesale reform of children's social care, at the earliest opportunity.*

**The Government's recent strategy for children's social care in England has delayed urgent wholesale reform of the sector until at least 2025.**

In May 2022, the Independent Review of Children's Social Care (a.k.a the "Care Review") called for urgent reform and investment of £2.6 billion of new spending over four years to address a spiralling crisis in children's social care. It put forward a multi-year reform programme, based on the Government beginning work immediately following the launch last year.

The Government published its response *Stable Homes, Built on Love* in February 2023, announcing that it would spend the two years until 2025 to test a new approach in up to 12 local authorities, committing only £200 million in the interim.

**But new analysis shows that delaying the national reform process for children's social care will cost taxpayers billions over the long run, and lead to thousands more children in care.**

Even in a best-case scenario where the Government fully implements its accepted reforms across England starting in 2025, our research shows that the two-year period of limited action and investment will bake-in an extra £200 million to the long-term average annual cost of delivering children's social care. This means that ten years from now, allowing for inflation, the Government will have spent an additional £1bn more than if they had implemented the reforms on the timeline suggested by the Care Review.

The extra costs are due to the missed opportunity to support more children in the intervening period, preventing their issues from escalating to the point of needing more costly interventions, as well as the Government's decision not to take forward some of the Care Review's reforms.

In addition, we calculate the two-year delay to implementing England-wide reform creates an additional average £510 million a year in 'social costs' over the long term, coming from a greater number of children experiencing worse wellbeing, labour market and justice system outcomes later in life, as a result of not getting timely support. Again, this figure is compared to a scenario in which the Care Review reforms were implemented on the recommended timeline and is calculated following Treasury Green Book guidance on the costs and benefits of social programmes.

**The longer we delay urgent reform, the higher the cost. Failure to secure investment for England-wide reform after 2025 will be catastrophic for children and for public finance.**

Now we are at a critical crossroads. If the Government fails to invest in rolling out the 'Stable Homes, Built on Love' strategy across England after 2025, the long-run bill for children's social care will be £970 million pounds higher every year than if the Government fully implements its own strategy. This would mean over the next twenty years, the Government would have to pay a total of £14 billion more for children's social care, adjusting for inflation over that period. These higher costs would be driven by an additional 30,000 children living in care by 2042-43 if the Government fails to act.

The Government must heed the warnings set out by this research and act quickly to implement the vital reform that children need. This analysis shows that short-sighted frugality will only lead to higher costs for the public, and outcomes for children getting worse.

There is still time to rebuild children's social care. But we must start now.

Recommendation	
1	<p><b>Invest at the next opportunity</b></p> <p>The current Government should provide funding for wholesale reform to children's social care at the next fiscal opportunity to provide certainty to the sector. Due to the impact of inflation, and the additional costs stemming from delaying reform, this funding will need to exceed the £2.6bn recommended by the Independent Review of Children's Social Care.</p>
2	<p><b>Cross party commitment to wholesale reform</b></p> <p>Ahead of the next election, all major political parties in England should commit to implementing wholesale reform to children social care, backed by significant investment in early intervention as recommended by the Independent Review of Children's Social Care, and the subsequent implementation strategy of the present Government.</p>
3	<p><b>A Cabinet-level Minister for Children</b></p> <p>The major political parties should commit to appointing a Cabinet Level Minister for Children to oversee the full implementation of reforms to children's social care, coordinate policy affecting children across government, and advocate for children's rights and interests in national policy.</p>

## **Background: Children's social care is under pressure**

Local authority children and young people's services cover a range of support, from parenting programmes in children's centres to local safeguarding teams who step in and protect children from harm.

Children's services in England have come under substantial pressure over the last decade with an increasing number of children and families needing help. The Department for Education's own figures show that:

- There were 82,170 children in the care system in March 2022 compared to 67,080 in March 2012 - an increase of 18%<sup>1</sup>
- There were 404,310 'Children in need' in March 2022 compared to 378,600 in March 2012 - an increase of 7%
- There were 50,920 children on a Child Protection Plan in March 2022 compared to 43,100 children in March 2012 - an increase of 18%<sup>2</sup>

While demand has increased, spending on preventative children's services has reduced over the last decade. This has put significant pressure on local authorities and the frontline professionals who work tirelessly to protect and nurture children every day. Analysis by Pro Bono Economics conducted on behalf of our charities highlighted that while there has been a steady increase in spending on children and young people's services by local authorities from a low point of £9.4bn in 2016-17, spending remains £249 million below 2010-11 levels in real terms.<sup>3</sup>

As local authorities have faced increasing demand coupled with fewer resources, many have had to re-direct funding towards high-end, late intervention work which focuses on children and young people who are in significant need, such as looked-after children, safeguarding services, and youth justice provision. This has reduced local authority funding for early intervention support such as children's centres and youth services. Pro Bono Economics calculated that spending on early intervention services fell by £1.9 billion between 2010-11 and 2020-21. They calculated that 80.5% of local authority spending was directed at late intervention services compared to only 58% in 2010-11.

It is therefore clear that the system is under significant strain and requires additional resourcing to deliver the transformational change needed by children and families.

## **Policy context: Delivering transformational change for children's social care.**

The Government's 2019 manifesto included a commitment to a once-in-a-generation review of the system in acknowledgement of the evident crisis in children's social care. This commitment

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<sup>1</sup> Department for Education (2022), [Children Looked After in England, Including Adoptions](#)

<sup>2</sup> Department for Education (2022), [Characteristics of Children in Need](#)

<sup>3</sup> Williams, M. & Franklin, J. (2022) [Stopping the Spiral: Children and young people's services spending 2010-1 to 2020-21](#)

was welcomed by our five organisations and supported throughout, with close-working and engagement with Government departments.

The Care Review grappled with many of the fundamental issues facing children’s social care and put forward a fully costed plan for reform. In particular, it recognised the lack of support for families as a central issue driving the increase in children entering the care system. It recommended £2.6 billion of new spending over four years, comprising £46 million in year one, £987 million in year two, £1.257 billion in year three and £233 million in year four, plus an additional estimated £50 million on other interventions over the investment period.<sup>4</sup>

This investment was predicted to deliver cashable savings within children’s social care that could have been reinvested for children and families over the medium-term, reduce wider public spending pressures and also provide social benefit.

The Care Review put forward this cost and benefit analysis on the basis that investment and reform started immediately. The investment programme was proposed to last until 2026-27 by which point more children would be living safely with their families. By 2027-28 the legacy of the investment would allow for self-sustaining improvement. The plan also rested on the most significant changes being made through a new Bill in the final session of the current Parliament, which has not happened.

The Government published its strategy, *Stable Homes, Built on Love*, in February 2023. The strategy was a response to the recommendations put forward in the Care Review, alongside the Competition and Markets Authority study on children’s social care placements and the National Review into the murders of Arthur Labinjo-Hughes and Star Hobson, which had provoked further national conversation about the systems protecting children.

*Stable Homes, Built on Love* took forward many of the core elements of the Care Review, but did not take forward the Care Review’s proposed timeline or investment package. Instead, the Government committed £200m over the two years from February 2023 to address ‘urgent issues facing children and families now, laying the foundations for whole system reform and setting national direction for change’.<sup>5</sup> Only following those two years will they consider refreshing the strategy, scaling up the new approaches they have tested and bringing forward legislation.

**Table 1:** Summary of key Care Review recommendations and subsequent government commitments.

	<b>Care Review Recommendation</b>	<b>Government Commitments in <i>Stable Homes, Built on Love</i></b>
<b>Family Help &amp; Prevention</b>	Multidisciplinary family help teams to be set up by every local authority, backed by £2bn of	Family help to be trialled in 12 pathfinder local authorities until 2025, backed by £200 million of investment

<sup>4</sup> Independent Review of Children’s Social Care (2022), [Final Report](#).

<sup>5</sup> Department for Education (2023) [Stable Homes, Built on Love](#)

	investment starting in 2023.	over 2 years.
<b>Child Protection</b>	A new expert child protection lead practitioner to be created to lead on investigations	Expert child protection practitioners to be trialled in the 12 pathfinder local authorities.
<b>Care Placements</b>	<p>A new category of care placement should be introduced to enable children to be looked after by their family network.</p> <p>More support to be provided to kinship carers.</p> <p>More foster carers to be recruited.</p> <p>Regional Care Cooperatives to be established across England to commission care placements across multi-local authority regions.</p>	<p>Family network care plans to be trialled across 12 pathfinder local authorities.</p> <p>New fostering recruitment campaign to be launched.</p> <p>Two Regional Care Cooperative pathfinders to be established to trial this new approach to commissioning.</p>
<b>Supporting Children in Care and Care Leavers</b>	<p>Care experience to become a protected characteristic</p> <p>Corporate parenting duties to be strengthened and extended to other public bodies.</p> <p>A new national opt-out advocacy service to be introduced, replacing Independent Reviewing Officers (IROs).</p> <p>Greater employment and housing support for care leavers.</p>	<p>Reject recommendation to make care experience a protected characteristic.</p> <p>Consulting on extensions to corporate parenting.</p> <p>Advocacy to become opt out, but IRO role to remain.</p> <p>Some additional financial support provided for care leavers schemes.</p>
<b>Workforce &amp; Culture</b>	<p>Recruit more social workers and children's homes managers.</p> <p>Create a new National Outcomes Framework to guide children's social care strategy, data collection and evaluation.</p> <p>Review the funding formula for children's services.</p>	<p>New recruitment campaigns launched.</p> <p>A new National Framework launched and under consultation.</p> <p>Commitment to reviewing funding formulas for children's services.</p>

The publication of this new analysis marks the one-year anniversary of the publication of the Care Review. Families, children and young people across the country have not yet seen the meaningful change in their local services that they urgently need. Meanwhile both costs and demand continue to rise.

The promise of reform beyond 2025 is also by no means certain. The forthcoming general election may cause reform to slip further behind or off the political agenda altogether. To mitigate this, the Government should make a much firmer commitment on the timing of bringing forward legislation where necessary and to confirm which fiscal opportunity will be the vehicle for significant national investment. Without this, we simply do not know when the vast majority of children and families will see the revolution in children's social care that they desperately need.

## The Research

The UK's leading children's charities - Action for Children, Barnardo's, The Children's Society, the NSPCC and the National Children's Bureau commissioned Alma Economics to produce an analysis of the social and financial impact of delaying reform to the children's social care system, compared to rolling out reforms on the timeline recommended by the Care Review.

Alma Economics was initially commissioned by the Care Review to produce a cost and benefit analysis of its final recommendations.<sup>6</sup> This research builds on the same methodology. Alma Economics adjusted the parameters of the cost and benefit model in light of government commitments in *Stable Homes, Built on Love*, re-forecasting financial and social outcomes based on what the Government has committed to already, and possible future commitments.

Specifically, we compare three scenarios:

**Scenario 1: Full Care Review Implementation** - *A counterfactual scenario in which the Government had implemented the full Care Review recommendations on the timeline set out in the Care Review final report.*

**Scenario 2: Delayed rollout of Stable Homes, Built on Love** - *The Government fully rolls out the "Stable Homes, Built on Love" implementation strategy across all English local authorities, starting in 2025 after the end of the Pathfinder period.*

**Scenario 3: No Further Action** - *The Government takes no further action and makes no additional investment from 2025 onwards, beyond the two-year commitments in "Stable Homes, Built on Love". The system remains in the status quo.*

These scenarios are compared across three outcome measures:

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<sup>6</sup> Alma Economics (2022), [Costing and outline CBA of the Independent Review of Children's Social Care recommendations: Modelling assumptions](#)

- **the number of children in care**
- **the annual financial cost of the social care system:** the costs to local authorities who are responsible for delivering children's social care.
- **the annual social cost associated with children in the care system:** these represent the value of negative social outcomes, such as children in care system experiencing worse wellbeing, labour market and criminal justice outcomes, as well as the cost of delivering additional public services to this group. This is calculated following the Treasury 'Green Book' guidance on cost and benefit analysis.<sup>7</sup>

## Key Findings

***There has already been a significant financial and social cost to delaying reform to children's social care.***

Our analysis finds that even if the Government rapidly rolls out its implementation strategy *Stable Homes, Built on Love* to all local authorities starting in 2025, the two-year delay during the Pathfinder period will have cost the social care system an additional average of £200 million per year over the long run, compared to rolling out the Care Review recommendations on the timetable specified in that Review. This figure is adjusted for inflation.

This means that 10 years from now, again allowing for inflation, the Government will have spent an additional £1bn on children's social care, due to delaying the implementation of the care review reforms by just two years.

**Table 2:** *The cost of delivering children's social care has risen due to the delays in full implementation of reform, relative to implementing the Care Review on schedule.*

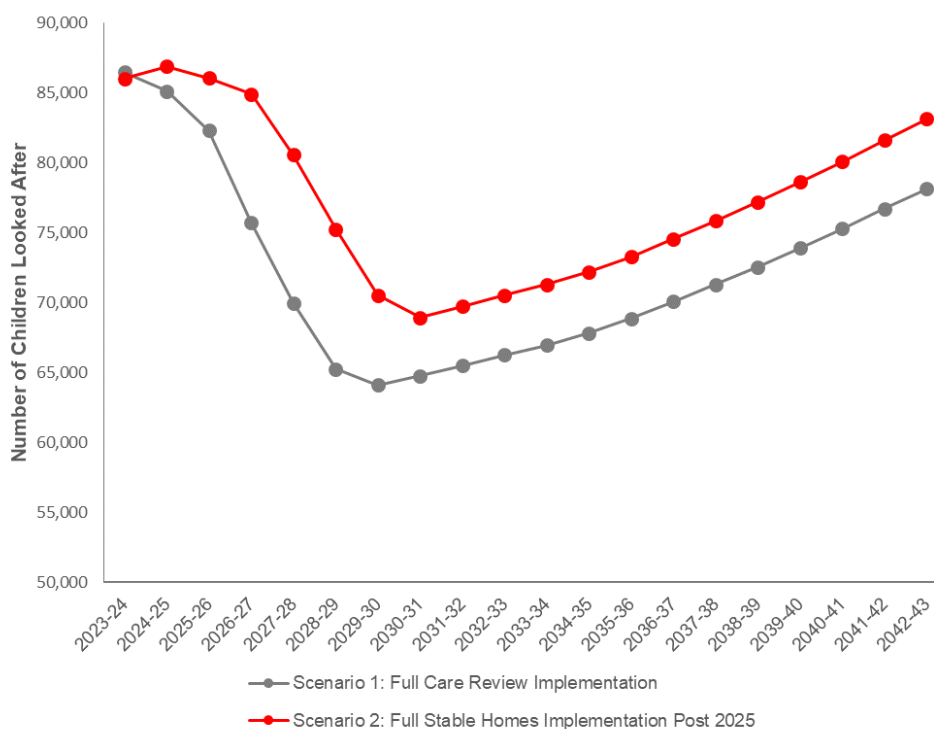
	Description	Cumulative Net Benefits to the Exchequer		
		Six years from now (2029-30)	Ten years from now (2033-34)	Twenty years from now (2043-44)
Scenario 1	<i>Implementation of the Care Review on recommended timeline.</i>	-£1,200,000,000	£3,400,000,000	£16,900,000,000
Scenario 2	<i>Full implementation of 'Stable Homes, Built on Love' starting in 2025.</i>	-£1,600,000,000	£2,300,000,000	£14,300,000,000
<b>The 'Cost of Delay'</b>	<i>Opportunity cost of Scenario 2 relative to Scenario 1</i>	-£500,000,000	-£1,000,000,000	-£2,600,000,000

<sup>7</sup> Independent Review of Children's Social Care (2021), [Paying the Price: The social and financial cost of children's social care.](#)

Notes: All figures are adjusted to 2023-24 price levels and rounded to the nearest £100 million. This means figures in the final column might not reflect the reported difference in the previous two columns. Negative values reflect net costs to the Exchequer, positive values reflect net savings to the Exchequer.

These increased social care costs come largely from a higher number of children in care, caused by a lack of support in the intervening two-year period. Due to the two-year delay, we forecast that there will be an additional 10,500 children in care by 2027-28. By 2029-30 onwards, we expect this number to have reduced and stabilised to an additional 4,500 children in care, compared to a scenario where reforms had been implemented on the scale and timeline recommended by the Care Review.

**Figure 1:** More children are forecasted to be in care long-term due to the Government delaying England-wide reforms to 2025, compared to rapid implementation of the Care Review.



Delaying reform has a social as well as a financial cost. Children who are looked after, or who are on child in need or child protection plans, often experience significantly worse health and education outcomes, and are more likely to enter the criminal justice system or become homeless than their peers outside the social care system.<sup>8</sup>

<sup>8</sup> Independent Review of Children’s Social Care



Following Treasury Green Book guidance, we estimate the additional social costs resulting from delaying reform by two years to be worth an average £510 million per year until 2053-54.<sup>9</sup> This is a result of lower average wellbeing, and higher mortality rates for those who had care experience as a child, as well as worse labour market and criminal justice outcomes and greater need for support from other public services. Again, this figure is compared to a counterfactual scenario where the reforms had been implemented immediately as per the Care Review recommendations.

***The longer the Government extends and delays the reform process for children's social care, the more expensive it will get.***

The Pathfinder programme is due to finish in 2025, with the learnings from twelve local authorities used to design a national rollout of key policies, such as establishing Family Help teams, making greater use of family networks in care planning, and reforming the commissioning of care placements.

The implication of our analysis is that the longer this rollout process takes, the higher the baked-in costs of delivering social care will become, and the more the Government would have to invest to achieve a given level of outcomes.

In other words, day-by-day, children's social care is getting more expensive both to deliver, and to reform.

***If the Government fails to invest after 2025, the results will be catastrophic for children and public finance.***

With a General Election expected in late 2024, there is a real risk that momentum could be lost before the Pathfinder programme has even been wrapped up. For this reason, we modelled two choices that the Government faces: to take no further action on children's social care reform after 2025; or to fully roll out *Stable Homes, Built on Love* across England.

Our analysis shows that if the Government chooses to roll out the *Stable Homes, Built on Love* implementation strategy across England from 2025, it will generate £2.2bn in savings over the next ten years, compared to a scenario where they take no action after 2025. This is despite a relative outlay of £1.7 billion over the first six years which is needed to implement the reforms. Over the next twenty years, we project the total taxpayer savings to rise to £14 billion.

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<sup>9</sup> Explain the Green Book

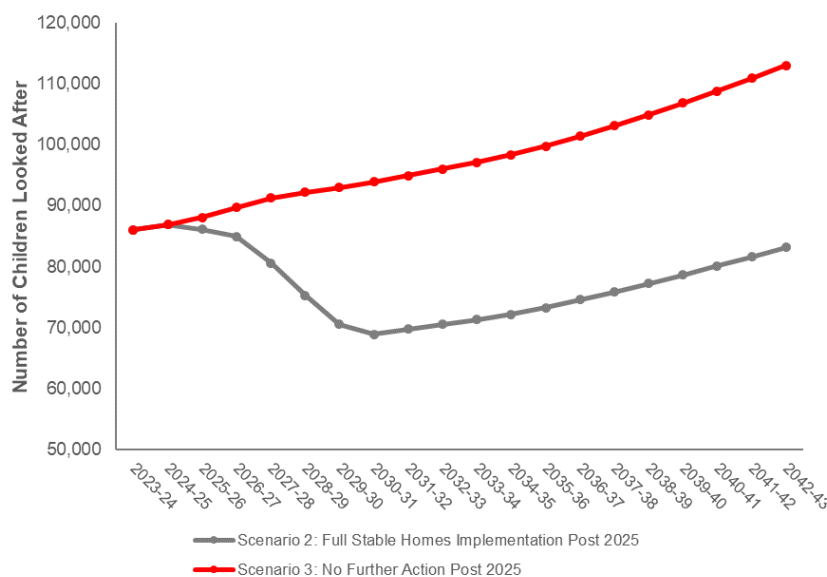
**Table 3:** Investing in England-wide children’s social care reform after will generate taxpayer savings, despite an initial outlay.

	Description	Cumulative Net Benefits to the Exchequer		
		Six years from now (2029-30)	Ten years from now (2033-34)	Twenty years from now (2043-44)
Scenario 2	Full implementation of ‘Stable Homes, Built on Love’ starting in 2025.	-£1,600,000,000	£2,300,000,000	£14,300,000,000
Scenario 3	The Government takes no further action on children’s social care after 2025.	£100,000,000	£200,000,000	£400,000,000
<b>The ‘Cost’ of Taking no Action after 2025</b>	Opportunity cost of Scenario 3 relative to Scenario 2	£1,700,000,000	-£2,200,000,000	-£14,000,000,000

Notes: All figures are adjusted to 2023-34 price levels and rounded to the nearest £100 million. This means figures in the final row might not reflect the reported difference in the previous two rows. Negative values reflect net costs to the Exchequer, positive values reflect net savings to the Exchequer.

The higher costs associated with taking no further action are driven by a projected 30,000 additional children in care after twenty years, compared to the full England-wide implementation of ‘Stable Homes, Built on Love’ after 2025.

**Figure 2:** Failure to invest in children’s social care reform after 2025 will lead to significantly more children in care.



## Recommendations

This analysis demonstrates that children's social care must be a political priority - for this Government and any future Government. The cost of delay is clear, both in terms of the increasing fiscal cost to the Treasury and the social cost. By delaying national reform for the duration of the two-year Pathfinder period we have already incurred additional costs. However, it is not too late to change this trajectory.

We are making the following three recommendations.

Recommendation	
1	<p><b>Invest at the next opportunity</b></p> <p>The current Government should provide funding for wholesale reform to children's social care at the next fiscal opportunity to provide certainty to the sector. Due to the impact of inflation, and the additional costs stemming from delaying reform, this funding will need to exceed £2.6bn recommended by the Independent Review of Children's Social Care.</p>
2	<p><b>Cross party commitment to wholesale reform</b></p> <p>Ahead of the next election, all major political parties in England should commit to implementing wholesale reform to children social care, backed by significant investment in early intervention as recommended by the Independent Review of Children's Social Care, and the subsequent implement strategy of the present Government.</p>
3	<p><b>A Cabinet-level Minister for Children</b></p> <p>The major political parties should commit to appointing a Cabinet Level Minister for Children after the next election to oversee the full implementation of reforms to children's social care, coordinate policy affecting children across government, and advocate for children's rights and interests in national policy.</p>