

ADCS submission to the 2021 Budget

1. The Association of Directors of Children's Services Ltd. (ADCS) is the national leadership organisation in England for directors of children's services (DCSs) appointed under the provisions of the Children Act (2004). The DCS acts as a single point of professional leadership and accountability for services for children and young people in a local area, including children's social care and education. ADCS welcomes the opportunity to submit a representation to the 2021 Budget.
2. In September 2020, ADCS submitted a representation to the Comprehensive Spending Review (CSR). The submission is an attempt at articulating the positive case for investment in children and young people, while also providing a narrative on the challenges children's services face with reduced resources and increasing demand for services, along with additional pressures emerging due to the continued impact of Covid-19 and national lockdowns. It suggested four areas for priority investment and made a number of suggestions for national policy reform which if implemented, would unlock significant resource which could be re-invested in current and future priorities. The CSR submission can be found as appendix 1.
3. It is understandable, given the circumstances, that the government chose to announce a 1-year spending review rather than a multi-year settlement. However, local government and children's service continue to need long-term strategic funding and investment to address the complex challenges facing families and communities.
4. ADCS welcomed the general uplift in funding for 2021/22 announced by the Chancellor. As this is non-ringfenced funding and demand has increased across all local government social care services, it is unclear how much of this will actually benefit children, young people and families. As Treasury turns its attention to setting the Budget for 2021/22, ADCS would like to take the opportunity to reiterate our priorities for policy development and any potential in-year investment.
5. The country is now in the third national lockdown and for the second time, education settings have been closed to all but vulnerable children and children of critical workers. Children and young people continue to sacrifice the most for the health of the country and we must ensure that the significant impact of lockdowns and lost learning is effectively mitigated. Without this, we risk the life chances of a generation; the needs of children and young people must be front and centre of the government's agenda for the coming financial year, including both in the response to Covid-19 and the recovery period.

Priorities for 2021/2022

6. While the ADCS submission to the CSR set out the Association's priorities across a multi-year settlement, our priorities for the year ahead mirror our longer term aspirations for children's services.
7. **Prevention and early intervention** – via the DfE Innovation Programme and What Works for Children's Social Care, there is robust evidence of approaches that work to meet the needs of children and families and reduce demand on statutory services. Funding should be provided to scale up and roll out such evidence-based approaches across all LAs, particularly those approaches which help children stay with their families safely. ADCS welcomes the continued funding for the Troubled Families programme for the coming financial year. Due to the ongoing impact of Covid-19, we

expect our communities to experience higher levels of unemployment bringing with it greater levels of poverty. A revamped Troubled Families programme, based on a comprehensive, all-age multi-agency prevention strategy, attached to sustainable funding, could provide a key building block in Covid-19 recovery.

8. ADCS members across the country continue to see the impact of delayed contacts and referrals to children's social care teams, families who have recently become vulnerable for the first time due to the pandemic, increased complexity within family units, and delayed throughput in the courts. These Covid-related pressures require adequate in-year funding over and above what was announced in the spending review.
9. **SEND** – the SEND review was initiated in 2019, it must now publish interim findings as a priority. The system is failing and we must do better to ensure the needs of disadvantaged and vulnerable children with additional needs are met in mainstream settings where appropriate and as close to home as possible. Ofsted's assurance activity in recent months has shown this cohort, and their families, have been most severely impacted by the pandemic. The SEND system is unsustainable; the SEND review must acknowledge this and put forward proposals for significant reform.
10. **Care** – investing in care in the broadest sense must be a priority. This must include but is not limited to: managing demand through investment in good preventative models; investing in the wider children's workforce; addressing the placement sufficiency challenges, both lack of availability of suitable quality placements and prohibitive costs; and the response to unaccompanied asylum seeking children. ADCS welcomes the investment of £24m in the secure estate, this is much needed but will only go so far in addressing the challenges we face. ADCS would encourage DfE to work at pace to develop arrangements for the future commissioning of placements in secure children's homes, while also working in partnership with DHSC, NHSE and MoJ to ensure the needs of children who require a secure placement are considered first and foremost, not the location at which they initially present.
11. **Education** – we are starting to see the impact of significant lost learning from the first lockdown and subsequent disruption to learning in the autumn term as teaching bubbles were required to isolate multiple times due to suspected or confirmed cases of infection. In areas of high infection, individual pupils lost several weeks of in-person teaching, compounding earlier education losses, and there is a real risk that this negative impact will be multiplied by the current restrictions in place. Schools have been on the frontline during the pandemic, responding flexibly to the needs of their pupils while also implementing Covid safe arrangements. The pandemic has brought a new appreciation for the role of schools in promoting the welfare of their pupils and appropriate funding must be allocated to recognise this. Schools have been swift to implement a hybrid model of teaching, meeting the needs of children who are at home and those who are attending settings. This is in addition to planning for on-site Covid-19 testing of teachers and pupils. This has been no mean feat and once the impact of Covid-19 has been accounted for in school finances, schools will have little, if anything, left to fund their preventative activity.
12. In addition to schools, ADCS members are concerned about the financial sustainability of the early years and further education sectors. Education in the early years and continued learning opportunities post-16 are key to our offer to children, young people and their families. The risks to the financial sustainability to both sectors were evident before the pandemic but have been exacerbated by the impact it has had.

Policy reform

13. ADCS set out a programme of national policy reform in the CSR submission that if implemented, would unlock significant resource to be redirected into both current and future priorities. If government is minded to further explore and/or implement any of the reforms, ADCS would be happy to lend it's support and work in partnership with the relevant department(s).



ADCS submission to the 2020 Comprehensive Spending Review

1. The Association of Directors of Children's Services Ltd. (ADCS) is the national leadership organisation in England for directors of children's services (DCSs) appointed under the provisions of the Children Act (2004). The DCS acts as a single point of professional leadership and accountability for services for children and young people in a local area, including children's social care and education. ADCS welcomes the opportunity to submit a representation to the Comprehensive Spending Review.

The case for investing in children

2. Government has stated its ambitions in light of Covid-19: *"to use the crisis to tackle this country's great unresolved challenges of the last three decades and key to this, is a focus on rebuilding the economy"* (HMG, 2020). Children are this country's future and the citizens of tomorrow, they are key to fuelling Britain's economic recovery in the long term. To achieve the government's ambitious vision for the future, we need to re-think how we as a nation support and invest in our children and young people now. The benefits of such an approach extend beyond individuals to society as a whole. Investing in a first class universal education system for all is crucial and will support children to develop the skills they need to make a full contribution to society, maximising the potential of the future workforce and the country's productivity.
3. ADCS fully supports the moral imperative to get all children back to school and prioritise keeping schools open. Research undertaken prior to the pandemic shows that the attainment gap between disadvantaged pupils and their peers has stopped closing for the first time in a decade (EPI, 2020). While education is key, children and schools do not exist in a vacuum and if we are to 'level up', the social conditions that support children to thrive also need to be in place. In addition to the focus on school attendance, we need the same level of commitment to the funding and provision of services that support children and families to thrive, not just survive, creating the circumstances needed at home for children to be able to engage in learning and succeed in their education. As the 2019 Conservative manifesto outlined, we need to ensure that every child receives the love and stability that they deserve in order to fulfil their potential – living within a strong family unit, and where that is not possible, with foster parents recruited by the local authority or an adoptive family, not forgetting that other forms of permanence play a vital role in the lives of many children too.
4. There is not only a moral imperative to do this, but there is also an economic imperative: the Department for Education's (DfE) own [research](#) on the potential economic value to the UK of reducing the attainment gap between disadvantaged pupils and their peers in England to the same levels as in London estimates this could lead to an overall financial benefit of around £12 billion. Investing in children today will support them to develop into well educated, well developed adults who actively contribute to society. If we are to 'level up' children's life chances and prevent a decade of compounded poor outcomes and tackle disadvantage which has been exacerbated by Covid-19, government needs to invest in the circumstances in which people live that impact on their health and wellbeing – poverty, employment and housing.
5. Covid-19 has triggered an important public debate about health inequalities, deprivation and ethnicity. The recovery phase offers the government an opportunity to further its 'levelling up' agenda; evidence shows there is a strong relationship between household income, housing quality and educational performance. Further, the vital importance of

public health and the value of prevention and early intervention have been underlined during this crisis. We need to address and stem the risks and challenges families have faced during the pandemic and prevent them from escalating further.

6. In 2020, children across the country continue to experience poor life chances:
 - More than four million children currently live in poverty (DWP, 2020)
 - Children from black and minority ethnic groups are more likely to be in poverty: 45% compared with 26% of children in white British families (CPAG, 2020)
 - Disadvantaged pupils in England are 18.1 months of learning behind their peers by the time they finish their GCSEs; and the gap at primary school increased in 2020 for the first time since 2007 (EPI, 2020)
 - Children from households in the bottom fifth of income distribution are over four times more likely to experience severe mental health problems than those in the highest fifth (Kings Fund, 2020)
 - Children in the most deprived 10% of small neighbourhoods in the UK are over 10 times more likely to be in foster or residential care or on protection plans than children in the least deprived 10% (Bywaters et al, 2020).

Poor life chances must be tackled; social progress will drive economic growth.

7. We anticipate that the circumstances of some children and families will significantly deteriorate as a result of the long-lasting impact of Covid-19 leading to an exponential growth in need and demand for which children's services require significant investment. Failing to invest in children and their families is a false economy. The government's own Early Intervention Foundation estimates the cost of late intervention in children's services at £17 billion each year. ADCS members have identified four areas for priority investment: prevention; special educational needs and disabilities; care in the broadest sense; and education.
8. ADCS members have identified four priorities for investment over the period of the CSR while also identifying a number of national policy reforms which if implemented, would unlock significant savings which could be reinvested. We conclude our submission with what ADCS members believe to be a reasonable estimate of the level of investment required to stabilise, sustain and adapt services to meet the needs of the growing number of children, young people and families who need support and intervention to ensure that children can thrive, not just survive in the wake of the pandemic and anticipated ensuing recession.

Policy reform

9. Whilst increased investment is needed to stabilise and sustain services and reduce service cuts that will otherwise be necessary, a series of national policy reforms would unlock significant savings which could be reinvested in preventative services and other current and future priorities, such as:
 - **Reform the SEND legislation** to tackle the growth in demand for education, health and care plans (EHCPs). Moreover, a shortage of special school places has driven an increased reliance on the independent sector, which comes at significantly inflated costs and often requiring longer travel time. Enabling and funding local authorities to open special schools and **progressing those special schools already identified in the government's free school programme**, will reduce the

reliance on the costly independent sector, in turn, freeing up the revenue needed from the high needs block where overspends are extensive

- There are significant placement sufficiency challenges across the country and the entry of private equity into the provision of fostering and residential care services for vulnerable children is of concern; it is wrong that significant profits can be generated from the care of vulnerable children and young people. **Allocation of capital funding to allow LAs to re-enter or further develop their in-house children's home offer** would again reduce the reliance on the costly independent sector and as a result, release the much needed revenue funding to operate such services. As would further efforts to recruit more local authority foster carers
- Local authorities currently spend in excess of £1 billion per annum on transporting children to and from school. Much has changed since the school transport legislation was introduced in 1944; **a review of the legislative framework underpinning home to school transport and travel support is urgently needed**. Local authorities continue to provide this service as efficiently as possible yet some larger authorities spend more on home to school transport than they do on their entire social work workforce
- The value of universal youth services must be recognised and embraced if we are to mitigate the impact of Covid-19 on a generation of young people, including work to prevent serious youth crime. **The funding available for the National Citizenship Service (NCS) should be redirected to local authorities to provide sustainable, long-term youth services within, and for the benefit of, local communities**. The short-term nature of the NCS model does not lend itself to the support young people need post lockdown. **The national lead for youth work should be transferred to DfE**, recognising the vital relationship with education and wider children's services.

Priorities for investment

10. **Prevention and early intervention** – via the DfE Innovation Programme and What Works for Children's Social Care, there is robust evidence of approaches that work to meet the needs of children and families and reduce demand on statutory services. As part of the revamping of the Troubled Families programme, a comprehensive, all-age multi-agency prevention strategy is needed, attached to sustainable funding to enable all LAs to implement evidence-based prevention programmes that deliver improved outcomes for children and families. The role of the wider children's workforce, including early years and youth work, is key to the preventative agenda and will be a critical element in alleviating the anticipated surge in referrals and pressure on the social care element of the system. Young people as distinct from younger children, have specific needs and investment is needed in vital youth work services to support these needs. There is a risk that the impact of missed education, employment and/or training due to Covid-19 will negatively affect the life chances of a generation; we need to ensure young people are engaged with appropriate support to mitigate against this.
11. The contribution schools, early years and further education settings can make to the preventative agenda when funded to do so should not be underestimated – the vital importance of the join up of early years, schools and social care to maintain visibility on vulnerable and disadvantaged children was clearly illustrated during the pandemic.

12. **SEND** – the principles of the 2014 Reforms are right, however, the system designed to deliver them is failing. Reform is urgently needed. Demand for funding via the high needs block is unsustainable and the system needs to reset to ensure the needs of disadvantaged and vulnerable children with additional needs are met in mainstream settings where appropriate and as close to home as possible.
13. **Care** – investing in care in the broadest sense must be a priority. Efforts to stabilise and effectively manage demand through the expansion of the Mockingbird programme for foster care, for example, providing short breaks and support to avoid a care episode where, with an element of respite, it is possible for a child to stay in the family home long term. Good preventative work will stem the year on year increases to the care population and key to this is investment in the wider children's workforce, from family support workers to youth workers, foster carers and staff working in residential settings. In addition, investment is needed to address the placement sufficiency challenges – the challenges of lack of availability of suitable quality placements and prohibitive costs. There is an urgent need to address the known shortfall in secure and other specialist residential provision; this is particularly pressing given the proposals to ban the use of unregulated provision for young people under the age of 16. There has been significant progress in developing proposals in London and the West Midlands which now need substantial capital investment and start up funding from government. Within this, the response to unaccompanied asylum seeking children arriving in this country continues to address the crisis as if it is a short term issue, it is not, we need a sustainable solution.
14. Market forces will not work to address capacity, quality or cost challenges, particularly given the emergence of private equity in the sector. Indeed, the concept of a market is illusory. LAs need both capital and revenue investment to enable them to develop and shape the market in line with the needs of vulnerable children and young people. There is a need to look at more creative partnership working between government and local authorities to create additional provision and to share the financial risks in its establishment.
15. **Education** – although schools have received a three year funding settlement, education funding in the final year of the CSR settlement (2023/24) is yet to be determined. Children and young people need a sustainable and properly funded education system, that supports both their educational and welfare needs. Schools must be sufficiently funded so they can fully embrace their role in promoting the welfare of children as defined by Working Together (DfE, 2018), a key element of which is their contribution to the prevention agenda. Once the impact of Covid-19 has been accounted for, schools will have little, if anything, left to fund preventative activity. Across the country, the school estate is in dire condition and requires significant investment to ensure children and young people are educated in suitable environments that support and enhance their learning.
16. The financial sustainability of the early years and further education (FE) sectors must also be given urgent attention if we are to give children the best start in life and support young people to succeed. Both sectors can be transformative, they can help to break the cycle of disadvantage and improve social mobility. Disadvantaged students are more likely to enter further education than stay on at school for example, therefore FE has a key role to play in the 'levelling up' agenda and the future economic prosperity of the country yet it continues to be overlooked in terms of resource allocation.

Conclusion

17. As noted above, in 2019, the LGA estimated that children's social care was facing a funding gap of £3.1 billion by March 2025. Since this work was published, the landscape in which children's services operates has changed beyond what anyone could envisage. The child population continues to increase as do the levels of poverty children and families are experiencing. Layered on top of this is the immediate impact of Covid-19 and national lockdown and the lasting legacy this has on access to and the delivery of services. Where children's services were already working with families, progress achieved and momentum towards positive change may have been lost during lockdown and we have newly vulnerable families emerging who, due to their experiences of Covid-19, now need statutory support.

18. A significant level of investment is needed, sustained across each year of the CSR period. Indeed, one might describe it as an unprecedented level of investment to match the unprecedented scale of the impact of the pandemic on vulnerable children, young people, their families and carers. Following on from the LGAs estimate and taking into account the experiences over the last 6 months, there is a need to sustain and stabilise what is already in place at a time of potential service cuts, and further invest to meet the unprecedented demand facing children's services over the coming years. **ADCS estimates that children's services need a significant investment of between £4.1 billion to £4.5 billion for each year of the Comprehensive Spending Review. Funding for innovation and research must be in addition to this.**

Annex – Financial pressures faced by children's services

19. **Whilst it may be local government's responsibility to manage demand, central government must play a role in addressing the structural constraints which limit LAs ability to manage demand** e.g. annual budgets; pressure on school budgets and high needs block; prevalence of short-term funding streams awarded through bidding processes; pump-priming money for 'innovation'; and, the statutory duty to set a balanced budget. All these things limit LAs ability to manage demand in a strategic long-term way and need to be addressed. Capital revenue is vital to this and allocations must be closely linked to local priorities to ensure there is greatest impact. The relationship between capital and revenue funding is also key e.g. decisions on capital investment for new special free schools must go hand in hand with decisions about corresponding recurrent revenue to fund such schools.
20. **Reform of local government funding is long overdue; the totality of funding allocated via MHCLG is simply not enough** and there are a growing number of councils reporting unmanageable financial pressures. This is likely to increase if reform is not urgently forthcoming, particularly against the backdrop of the pandemic. Local government needs a system of funding that reflects the needs of local communities and the services local authorities are responsible for delivering.

Context

21. Over the last decade, ADCS has been clear about the challenges facing children's services in the context of reduced funding, the scaling back of services and increased demand due to an increase in the wider societal determinants of family distress. In 2017, ADCS published '[A country that works for all children](#)' highlighting the issues in current public policy, including the impact of austerity and an increasingly fragmented approach to public services, overlaid with rising levels of child poverty that are cumulatively having a negative impact on children and families. Over recent months, we have experienced a worldwide pandemic and ADCS has attempted to capture the impact of this in the paper, '[Building a country that works for all children post Covid-19](#)'. The impact on children and their families cannot be underestimated, children's services across the country are preparing themselves for a level of unprecedented demand, we do not yet know if this surge in demand will translate into persistent, heightened demand. The worsening economic situation and job losses will almost certainly impact on the resilience of families, particularly those living in areas of high deprivation and those families who receive benefits. Either way Covid-19 will have a long-lasting legacy on children's lives and in children's services.
22. Over the last 10 years, local authorities have seen a 50% real terms reduction in funding. LAs have worked hard to protect the most vulnerable children and their families from the impact of this, however, this has come at the cost of the very services that prevent children and families from reaching crisis point requiring costly interventions, such as care. Vital preventative services in the community give us the ability to help at the earliest opportunity and make the biggest difference to the life chances of children, but these services are being eroded. The Children's Commissioner and the Institute for Fiscal Studies: [Public Spending on Children in England](#) report identified a significant reorientation of spending in children's services as a result of LAs protecting spend on safeguarding and children in care services. Other areas of children's services, such as non-statutory services for families, have experienced significant budget reductions, of circa 60%. ADCS recognises that this is indeed a false economy and is storing up huge financial and human costs for the future but a decade of sustained budget reductions has left LAs with little option.

23. Although funding has significantly reduced, the number of children and families requiring help and support has increased dramatically over the last decade. An estimated 2.4 million initial contacts were made to children's social care in 2017/18, this represents a 78% increase over the last decade, with a 22% increase in these contacts progressing to a formal referral to children's social care over the same period. The number of children subjects of child protection plans increased by 87% between 2008 and 2018 and an estimated 644,430 child in need assessments were completed in 2017/18, over a quarter of which included domestic abuse as a factor (ADCS, 2018). As at 31 March 2019, 78,150 children were in care - an increase of 28% in ten years, with a notable rise in the numbers of adolescents coming into care (DfE, 2020).
24. Central government funding has not increased in line with this need, which is projected to grow further in the coming years. Based on a longitudinal study exploring changes in demand for, and provision of, children's social care services, ADCS estimated that between 2018 and 2022/23, local authorities could expect to see increased demand for service across all children's social care functions¹. By 2022/23 there could be:
- 716,000 referrals, over 100,000 more than there were in 2007/8
 - an increase of 56% from 2007/08 levels of the number of children with child protection plans, to over 66,000 children
 - 81,000 children looked after – 20,000 more than in 2007/08.
25. Children's services are not, nor should they be, a 'blue light service,' only working with families once they reach crisis. Dedicated funding for important preventative work has fallen away. The Early Intervention Grant (EIG), introduced in 2011/12, replaced a large number of specific grants in an attempt to introduce *"greater flexibility and freedom at local level, to respond to local needs, drive reform and promote early intervention more effectively"* (DfE, 2012). At its inception, the EIG was initially set at £2.79 billion. Over time, funding intended to provide greater flexibility was removed from the EIG and allocated to local authorities to support implementation of central government priorities, such as the funding for early education places for disadvantaged two-year-olds, the adoption reform grant and the SEND reform grant. The value of the EIG was £1.02 billion in 2019-20, this represents a reduction of over 60% in the last nine years (House of Commons Briefing Paper, Early Intervention, July 2019). It is no coincidence that as the EIG reduced, LAs have experienced a sustained increase in safeguarding activity.
26. The Ministry of Housing, Communities and Local Government's (MHCLG) 'Troubled Families' funding has helped bridge the gap left by the removal of the EIG, particularly in smaller LAs. The future of this funding post 2021 is uncertain and this is very concerning; it has the potential to destabilise any remaining preventative services, leading to a further increase in demand on statutory services. The Troubled Families programme has been a welcome contribution to targeted support for families facing multiple challenges and is currently embedded in local support systems. **An evolution of the policy ambitions and delivery model into a more comprehensive prevention strategy with funding attached is needed**, so families receive support at the earliest opportunity from a multi-agency workforce that can meet the multifaceted needs of both children and parents, helping to achieve more positive outcomes for the longer term.

¹ These forecasts were made pre-Covid-19

27. The ability of schools to provide preventative services and additional support to some of the most disadvantaged and vulnerable pupils has been eroded over time. The Education Services Grant (ESG) diminished in value prior to it being incorporated into the Central School Services Block of the National Funding Formula. This block is now also reducing as historic commitments continue to be phased out. This funding was used to provide services such as speech and language therapy, occupational therapies, truancy and education welfare services. These services play a vital role in supporting some of the most vulnerable pupils to achieve their educational potential, it is unclear how pupils will be able to access similar support.
28. ADCS members are clear, preventive work to give children the best start in life and support families to stay together safely is the only way to make a meaningful difference in the lives of the most disadvantaged children and families and secure a sustainable fiscal future for local government. Through the work of the DfE Innovation Programme and What Works for Children's Social Care, there is evidence of the value of preventative programmes that focus on the needs of families and promote relationship based interventions and support. DfE has funded the expansion of Family Safeguarding, Family Group Conferencing and No Wrong Door across a limited number of LAs because there is evidence that these approaches work. Investment is now needed to fund a national roll-out of these evidenced based programmes.
29. In recent years there has been a move towards allocating new funding via a competitive bidding process to address entrenched and complex social issues, from domestic abuse, gang involvement and the sexual exploitation of children to parental misuse of alcohol. While any additional funding is welcome, this approach is not; supporting children and families with complex and overlapping health, social care and welfare needs requires a resource intensive, long-term response. This approach is neither sustainable nor equitable; funding should always be linked to need.
30. In addition to the DfE, several other different government departments lead on aspects of policy relating to children, from youth work in the Department for Digital, Culture, Media and Sport, youth and family justice in the Ministry of Justice, the Department of Health and Social Care leads on physical and mental health, and the Home Office on aspects of complex safeguarding, such as child sexual exploitation, and unaccompanied asylum seeking children in care. This multiplicity of actors can lead to fragmented or siloed thinking, duplication and ultimately, confusion. Without a single cohesive strategy that joins up policy and resources to ensure maximum impact and prevent duplication in efforts, ADCS is concerned that children's interests and needs are not being best met and scarce public resources are not being used to best effect.

The nature of the financial pressures

31. All LAs large and small, high performing and those on an improvement journey, are facing the same financial pressures to a greater or lesser extent. These pressures can be broken down into three broad categories:
 - **Common cost and price pressures** - these are common to all LAs and include: growth in child population; new unfunded or underfunded legislative burdens (for example, extension of support to all care leavers up to age 25 and SEND reforms); increased costs of provision/services which LAs commission or procure e.g. cost of placements for children in care; and, price and wage inflation including national minimum wage, national insurance increases and the apprenticeship levy

- **Common drivers of demand** - these are pressures driving demand for all services to vulnerable children in all LAs including statutory SEND and social care services. These impact differentially (i.e. to different degrees in different LAs) but are apparent to some degree everywhere, and include: growth in child poverty; effects of welfare and housing reforms; home to school transport including SEN transport; impact of exclusions/off-rolling on SEND reforms and high needs; growth in prevalence of certain conditions, for example, autism; prevalence of domestic abuse; child sexual exploitation; missing children; gangs; rise in number of unaccompanied asylum seeking children and the duty to support UASC care leavers to age of 25; needs of complex adolescents; growth in demand for mental health support; cuts to schools' pastoral services; referral behaviour and the performance of partner safeguarding agencies (particularly police and health) adding to demand; and, the increased complexity of need in social care and SEND casework
 - **LA specific pressures** - these pressures are present in all LAs but to different extents and in different combinations. These pressures impact on a LA's capacity to prevent and/ or manage demand for statutory services, and the ability to prevent unit costs rising. These include: council financial position/fragility overall; dedicated schools grant and high needs block funding including overspends; a LA's ability to attract external funding, e.g. for example, Partner in Practice or Innovation Programme grant funding; LA's ability to generate income (which has been severely curtailed by restrictions imposed as a result of the pandemic); local commissioning arrangements and market capacity; sufficiency of placements for children in care and care leavers; impact of previous budget reductions made to preventative services for vulnerable children; service improvement driven by Ofsted performance including intervention; staff recruitment difficulties and reliance on agency social work staff; impact of child deaths, serious care reviews and practice reviews locally and nationally; relationships with partners including schools; efficacy of adult social care and other council services; and geographic challenges, for example, rurality and those areas with significant coastal populations.
32. In 2019, the [Local Government Association](#) estimated that children's social care was facing a £3.1 billion funding gap by 2024/25 based on pre-Covid-19 levels of demand and activity (this doesn't encompass the cost of meeting the needs of children and families who have become newly vulnerable as a result of Covid-19, or escalating levels of need amongst those we're already working with). This estimate is in keeping with calls from the Children's Commissioner for England, who has suggested the government needs to invest £10 billion (over 10 years) as follows: £3 billion for children's social care; £2 billion for high needs; £1 billion for continuation of 'Troubled Families'; and £4 billion for early years and youth work channelled through schools funding.

Additional pressures as a result of Covid-19

33. Since the LGA and the Children's Commissioner each made their respective calls for additional funding, the country has experienced a pandemic and national lockdown which has been unprecedented.
34. Although children have been less affected by the virus in terms of infection and mortality rates, ADCS members share concerns about increased exposure to 'hidden harms' as

well as lost learning and the impact of social distancing on children and young people's development and on their mental and emotional health and wellbeing.

35. The ongoing disruption to safeguarding mechanisms e.g. regular contact with schools, colleges, health visitors, school nurses, and GPs, and worsening economic conditions, increases the risk of harm for children of all ages. Referrals to children's social care fell sharply as we entered lockdown, this was largely due to the closure of schools and health services prioritising focus and staffing resource on acute frontline responses (indicating that many more children may be living with abuse over a prolonged timescale without support or intervention). Some parts of the system also largely paused or slowed down in recent months e.g. mental health referrals and non-urgent hearings in both the family and magistrate courts, and we expect it to be sometime before 'business as usual' levels of activity are restored.
36. As a result of the pandemic, ensuing lockdown and enduring social distancing measures, all local authorities across the country are anticipating increased pressures and therefore increased costs across children's services. These are likely to become evident from September 2020 - March 2021:
 - **Delayed contacts and referrals** - there was a sharp drop in referrals as the country entered lockdown and although levels have started to increase, we are aware that there is significant latent demand that has yet to reach the front door of children's social care e.g. contacts or referrals. Such referrals are likely to be for children who had not been to school between 20 March 2020 and the start of the 2020/21 academic year, and therefore have had reduced contact with professionals for a significant amount of time
 - **Newly vulnerable families** - LAs expect to see a significant cohort of children and families who are referred to children's social care for the first time due to the impact of environmental factors linked to the pandemic and lockdown, such as domestic abuse, neglect and financial hardship as a result of job losses
 - **Increased levels of complexity** - the majority of the displaced demand has been at the level of early help and child in need. Lockdown and the reduced contact with early years, education and health professionals over the summer months mean many families will have been struggling with reduced support for a prolonged period of time. Delayed referral impacts upon our ability to support children and their families at the earliest opportunity, resulting in more complex needs requiring more intensive interventions. We expect this to be the case for referrals made now all children have returned to school
 - **Delayed throughput in the care system** - activity across the family courts slowed down considerably due to Covid-19 restrictions. The President of the Family Division issued guidance outlining priorities for the courts. For public law cases involving children, the priorities were hearings for Emergency Protection Orders, Interim Care Orders, Renewal of Interim Care Orders, Secure Accommodation Orders, and Deprivation of Liberty authorisation. All other activity was essentially paused. As a direct result of this, the number of children in care has started to increase as children continue to enter the care system but fewer leave care. The government guidance for children's social care during the Covid-19 crisis allowed young people to stay in placement post their 18th birthday rather than transition to more independent living during the pandemic. While this is right for individual

young people, it has brought additional pressure on the care system and sufficiency of placements.

37. The government has allocated £3.2 billion to local authorities to support their response to Covid-19 however, government data show that only 8% of this has been spent on children's services so far. ADCS members are concerned that there is a risk that when our peak of activity arrives, in children's social care this will most likely be towards the end of this calendar year, there will be no additional funding left and this will create real and significant funding pressures, both in-year and into 2021/22.
38. As noted above, LAs' ability to generate income has significantly reduced, government data show that for those LAs responsible for children's services, their incomes losses from March 2020 – June 2020 total £2.1 billion. The government has announced a package of support, however, this does not cover 100% of losses. As financial pressures grow and demand increases, it remains a challenge for many local authorities to balance the books with a growing number considering issuing a section 114 notice.