ADCS submission to the 2021 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 Spending Review.

The case for investing in children

2. The last 18 months have been unprecedented, in an effort to manage the spread of Covid-19, the country has experienced three national lockdowns, lengthy local and regional restrictions and significant social distancing measures that have only recently come to an end. The lasting impact of the pandemic across society cannot be underestimated and as the government looks to 'build back better', the needs of children and young people must not be overlooked; they have contributed so much over the course of the pandemic to help the national effort. As the country's future and the citizens of tomorrow, children and young people are key to fuelling Britain's economic recovery in the long term but 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.

3. Over the course of the pandemic, children's education has been significantly disrupted, not only through the initial school closures but the ongoing disruption caused by bubble management and self-isolation requirements. The investment the government has made to date in education recovery is welcome, however, more is required and education recovery must be seen as only one element of a broader recovery plan for children. As the former Education Recovery Commissioner Sir Kevan Collins noted, education recovery can only be seen and succeed in the wider context of recovery for wellbeing. The country is at a pivotal moment in its recovery journey and children must be supported to reclaim their childhood to help build the foundations they need for success in adulthood.

4. To achieve the ambition of 'levelling up', the social conditions that support children to thrive also need to be in place. A national commitment to the funding and provision of services that support children and families must be forthcoming to help create the conditions needed at home to support children to engage fully in their education and learning. Investing in children today will support them to develop into well educated, well developed adults who actively contribute to society. During the pandemic, LAs have seen an exponential growth in applications for free school meals and a record 2.5 million emergency food parcels were distributed to people in crisis during 2020/21. There is now widespread recognition of the relationship between poverty and state intervention in family life, and the resultant 'child welfare inequalities' this creates (Bywaters et al, 2016).

5. 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. In 2021, children across the country continue to experience poor life chances:

    - There were 4.3 million children living in poverty in the UK in 2019/20 (DWP, 2021)

- Children from black and minority ethnic groups are more likely to be in poverty: 46% compared with 26% of children in white British families (CPAG, 2021)

- Pre-pandemic, disadvantaged pupils in England were 18.1 months of learning behind their peers by the time they finished their GCSEs; and the gap at primary school had increased in 2020 for the first time since 2007 (EPI, 2020)

- As a result of the pandemic, secondary schools with high rates of free school meal eligibility experienced 2.2 months of lost learning, compared with 1.5 months in schools with low rates of free school meal eligibility (EPI, 2021)

- 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).

Given the impact poverty has on life chances, it is deeply concerning that the country does not have a strategy to address this. Poor life chances must be addressed, not only is there a moral imperative to do so, there is an economic one too.

6. ADCS members have identified five areas for priority investment, which require both capital and revenue funding, over the course of the Spending Review: addressing the impact of the pandemic; prevention; special educational needs and disabilities; care; and education. Members have also identified a number of national policy reforms which if implemented, would unlock significant resource which could be reinvested in shared priorities. In conclusion, this submission details 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 to thrive, not just survive.

Policy reform

7. Whilst increased investment is needed to stabilise and sustain services and reduce service cuts that will otherwise be necessary over the course of the Spending Review, a series of national policy reforms would unlock funding which could be reinvested in preventative services and other current and future priorities, such as:

   - Reform the SEND legislation to tackle the year on year 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 deficits soar. The fees which independent providers are able to charge should be capped to ensure the public purse is receiving value for money

   - There are significant placement sufficiency challenges across the country. The entry of private equity into the provision of fostering and residential care services for vulnerable children is also of concern; it is wrong that significant profits can be generated from the care of vulnerable children and young people. ADCS awaits the findings of the CMA's market study into the sector, it is hoped this will go some way to address these issues and end this abhorrent practice

- 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 long-lasting 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 all year round. The seasonal nature of the NCS model does not lend itself to the support young people need to recover from the pandemic. The national lead government department for youth work should be transferred to DfE, recognising the vital relationship with education and wider children's services

- The ability of children's services to access health funding to support children and young people with both health and social care needs is a constant challenge, particularly for those with complex needs and funding the provision of wrap around support in placements. DfE and DHSC need to work together to formalise the way in which health contribute to meeting the needs of children with complex needs, potentially linked to a strengthening of the continuing care guidance or the creation of an improved Better Care Fund for children.

Priorities for investment

8. **Addressing the impact of the pandemic** – the pandemic has had differential impacts upon individuals, families, communities and places. The differential impact of the pandemic and prolonged periods of national and more local lockdowns have been stark between and within regions. For example, in parts of the North of England, school-aged pupils missed many more weeks of face to face schooling than pupils elsewhere in the country. As we heard recently from children and young people themselves via the Children's Commissioner's Big Ask, the impact of social isolation, anxiety over family members' health and the deep uncertainty about their ability to secure a good job in the future because of the disruption to their learning and to exams, have had significant impacts on the mental and emotional health and wellbeing of children and young people. For babies born during lockdown, the first 12 months of their lives might have been spent without having any interaction with anyone outside the family home, including professionals and crucially other babies. LAs are working with schools and other partners to build back better, addressing individual and collective, multi-agency recovery priorities across place. For children's services, this is via a regional approach and driven through Regional Improvement and Innovation Alliances (RIIAs). The nine RIIAs across the country are well placed to tackle the impacts of the pandemic and channelling available resources into shared priorities, e.g. addressing the significant backlog in the family courts. ADCS supports this regional approach to Covid recovery and the additional funding required to address the long term impact of the pandemic should continue to be channelled via RIIA arrangements.

9. **Prevention and early intervention** – the independent review of children's social care's case for change shows the changing spending profile in children's services; more funding channelled into statutory services, with spend on non-statutory services falling. It is no coincidence that as funding for early intervention has reduced, LAs have experienced a sustained increase in safeguarding and protection activity. Via the DfE Innovation Programme, the What Works for Children's Social Care, and the Early Intervention Foundation there is robust evidence of approaches that work to meet the needs of children and families and reduce demand on statutory services. 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. In order to achieve effective and sustainable reform, such a strategy would require significant funding over the entirety of the Spending Review period. That funding should probably be ring-fenced for the purposes of preventative work – something akin to the former Early Intervention Grant (EIG) but with enhanced levers for DCSs to bring partnership funding (such as NHS Future in Mind funding) to the table to ensure efficient joint commissioning. The role of the wider children's workforce, including early years and youth work, is key to the preventative agenda. Young people as distinct from younger children, have specific needs and sustained investment is needed in vital youth work services. 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; while education catch-up funding will help to mitigate some of this, education recovery cannot be seen as distinct from wider social recovery from the pandemic and young people need to be engaged with appropriate support to achieve this.

   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 has been clearly illustrated during the pandemic. Families need help too. The emergence of Family Hubs offering support and advice to families with children aged 0-25 offers some insights into how investing in prevention could help drive the levelling up agenda. Levelling up cannot be a 'top-down' process. To be successful it must be anchored in communities, co-ordinated by local areas and linking into wider regional approaches to Covid recovery (as noted in the paragraph above). Support provided through Family Hubs may avert the need for families to become involved in children's social care. For some families, already known to children's social care, additional more targeted help and interventions are needed to avert children's entry into care, to prevent children being hospitalised due to acute mental and emotional health needs, or to prevent a young person entering the youth justice system. Family Hubs and dedicated family help need to be funded as an integral part of the future approach to early intervention.

10. **SEND** – the principles of the 2014 Reforms are right, however, the system designed to deliver them is failing and reform is urgently needed. Demand for funding via the high needs block is unsustainable and has created significant deficits. Such deficits distort school spending and could also fundamentally threaten the financial stability of local authorities when the accounting rules change in 2023. The Tribunal system also drives perverse behaviours that are not child centred. The system needs to reset to ensure the needs of disadvantaged and vulnerable children with additional needs are met in mainstream settings and as close to home as possible where appropriate. While significant reform will take time to implement, in the short-term additional funding for short breaks and improving the quality of case work in relation to EHCPs would help to reduce the unnecessary pursuit of expensive placements in the independent sector.

11. **Care –** investing in care in the broadest sense must be a priority. Good preventative work is key to tackling the year on year increases to the care population, along with 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 which meet children's needs, and prohibitive costs charged by the independent sector. There is an urgent need to boost investment in secure and other residential provision; this is particularly pressing given the recent ban on the use of semi-independent (unregulated) provision for young people under the age of 16. 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.

    The care market is dysfunctional; traditional market forces have failed to address capacity, quality or cost challenges, particularly given the growth of private equity in the sector. Additional capital funding, following that allocated in 2021/22, is urgently required to enable LAs 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, LAs and health to create additional provision and to share the financial risks in its establishment, particularly secure provision which is a national resource yet the risk is held by a handful of LAs. This would reduce the reliance on the costly independent sector and as a result, release the much needed revenue funding to operate such services.

12. **Education –** 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 schools' contribution to the prevention agenda. Across the country, the school estate is in dire condition and requires significant capital investment to ensure children and young people are educated in suitable environments that support and enhance their learning. Capital funding is not only linked to building condition, there are challenges around basic need funding, the timeliness of building programmes and insufficient capital to support the SEND agenda. Costs of materials are also escalating, and it may be necessary to revisit previous capital allocations to ensure the desired outputs can be achieved.

13. 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. The Leadsom Review called for renewed focus and investment in the early years, this must extend beyond health visiting and Family Hubs to include childcare and early education too. Both sectors can be transformative, they can help to break the cycle of disadvantage and improve social mobility yet their financial position going forward is fragile. Disadvantaged students are more likely to enter further education than stay on at school for example, therefore FE also 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.

14. The education catch-up package will help to support recovery of lost learning, however, much more needs to be done to tackle the long-term effects of the pandemic on children and young people. There must be an ambition, backed by adequate funding, to build back better so that schools and education settings can meet the needs of all pupils, helping to create a truly inclusive education system.

Conclusion

15. 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 operate has changed beyond recognition. The child population continues to increase as do the levels of poverty children and families are experiencing. Layered on top of this is the impact of Covid-19 and the lasting legacy this has had on access to and the delivery of services.

16. ADCS members have a clear vision and ambition for children's services, but this can only be achieved with appropriate and sustainable funding:
    - A multi-agency, whole system, strengths-based approach which is relentlessly focused on meeting the holistic needs of children and families as early as possible
    - The use of relational based practice that has foundations in restorative approaches, working alongside families to focus on their strengths and build resilience to effect positive change
    - Supporting families to meet the needs of children wherever possible so they can successfully live as a family unit
    - Where children need to come into care, they receive the best quality care as close to their home and community as possible and are supported into adult life.

17. A significant level of investment is needed, sustained across each year of the Spending Review 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 LGA's estimate and taking into account the experiences over the last 18 months, there is a need to 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 Spending Review. Funding for innovation and research must be in addition to this.

Annex – Financial pressures faced by children's services

18. 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 funding is a vital element 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.

19. Reform of local government funding is long overdue; the totality of funding allocated via the newly named Department of Levelling Up, Housing and Communities 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

20. 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 the last 18 months, we have experienced a worldwide pandemic, ADCS attempted to capture the early impact of this in the paper, 'Building a country that works for all children post Covid-19'. The impact on children and their families is still emerging. While children's services across the country have been impacted by the pandemic, the extent has been variable. Restrictions have lasted much longer than initially expected and the ongoing disruption to children's lives may mean that 'hidden harm' will only now begin to emerge. Some ADCS members are already beginning to see an increase in referrals as children start to re-engage in the meaningful relationships with the trusted adults in their lives. The worsening economic situation, potential job losses as the furlough scheme comes to an end, and the end to the Universal Credit uplift 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.

21. 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. The Child Welfare Inequalities Project App highlights an overall reduction in early help spend, from 46% of all spend in 2011 to 26% in 2019 (CWIP, 2020). This change in spending profile is in the context of a reduction in overall funding for children's services and is echoed by the independent review of children's social care's case for change. 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.

22. In recent years there has been a move towards allocating small amounts of 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. This approach has also been adopted for new capital funding for both open and secure children's homes. 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.

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 2.5 million initial contacts were made to children's social care in 2019/20, this represents an 87% increase since 2008, with a 19% 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 76% between 2008 and 2020 and an estimated 665,660 child in need assessments were completed in 2019/20 (ADCS, 2021). As at 31 March 2020, 80,080 children were in care - an increase of 24% in ten years, with a notable rise in the numbers of adolescents coming into care (DfE, 2020). Using regional data, ADCS Safeguarding Pressures estimates the number of children in care as at 30th September 2020 was 81,900 (ADCS, 2021)

24. Central government funding has not increased in line with this need, which is projected to grow further in the coming years. Based on ADCS' longitudinal study, Safeguarding Pressures, 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 functions[1]. 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 in care – 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

[1] These forecasts were made pre-Covid-19

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. Funding from the Department of Levelling Up, Housing and Communities for 'Troubled Families', known as 'Supporting Families' since a relaunch in 2021, has helped bridge the gap left by the removal of the EIG, particularly in smaller LAs. The future of this funding post 2022 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 programme has been a welcome contribution to targeted support for families facing multiple challenges and is well 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.

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. Despite additional funding over recent years, school spending per pupil in England has fallen by 9% in real-terms over the last 12 years, this is the largest fall in 40 years. This has disproportionally impacted upon children living and attending schools in deprived areas; the most deprived secondary schools saw a 14% real-terms fall in spending per pupil between 2009/10 and 2019/20, compared with a 9% for the least deprived (IFS, 2021).

29. 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, EIF, 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 evidence based programmes.

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 leads to fragmented or siloed thinking, duplication and ultimately, confusion. Without a single coherent 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, SEND reforms and the recent ban on placing under 16s in semi-independent (unregulated) accommodation); 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 previous 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 inspection outcomes including intervention; staff recruitment difficulties and reliance on agency social work staff; impact of child deaths, serious case reviews and practice reviews both 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.

- **New burdens pressures** – these pressures are present in all LAs and result from new legislation or regulation resulting in additional costs for LAs which are not fully funded by central government. These pressures include: Staying Put, costs associated with supporting unaccompanied asylum seeking children, extension of PA support to care leavers aged 25, SEND reforms, ban on the use of semi-independent (unregulated) provision for under 16s. This list is not exhaustive; there are many more examples where the cost of new burdens has not been fully met.

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 increasing complexity of need amongst those families LAs are already working with). This estimate is in keeping with calls from the former 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.

33. The lack of sustainable funding for children's services has been a significant hindrance to LAs. Greater certainly over the future fiscal position would give LAs the ability to think more creatively about how services are delivered and designed and explore such things as payment by results, and the use of personal budgets.

Additional pressures as a result of Covid-19

34. Since the LGA and the former Children's Commissioner each made their respective calls for additional funding, the country has experienced an unprecedented 18 months with multiple national lockdowns, regional and local restrictions, and social distancing measures which have only recently come to an end.

35. Although children have hitherto been less affected by the virus in terms of infection and mortality rates, ADCS members have concerns about increased exposure to 'hidden harms' over this period, as well as lost learning (not only due to the closure of schools but the disruption caused over 18 months due to bubble management and self-isolation requirements) and the impact of social distancing on children and young people's development and on their mental and emotional health and wellbeing.

36. The 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 the country entered the first national lockdown, this was largely due to the closure of schools and health services prioritising focus and staffing resource on acute frontline responses. Some parts of the system also largely paused or slowed down as a result if the initial lockdown e.g. mental health referrals and non-urgent hearings in both the family and magistrate courts. While the sector is generally back to business as usual, it will take some time for the resultant backlog to be addressed.

37. Following the lifting of all legal restrictions, all LAs across the country are anticipating increased pressures, and associated costs, as children once again start to develop meaningful relationships with the trusted adults in their lives, such as teachers, and start to make disclosures or concerns are raised. These are likely to become evident from September 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. Referrals from schools and health services have been consistently lower compared to previous years and now all restrictions have been removed, these are already increasing as life starts to returning to 'normal'.

- **Newly vulnerable families -** LAs have seen a significant cohort of children and families who have been referred to children's social care for the first time due to the impact of environmental factors linked to the pandemic and lockdowns, such as domestic abuse, neglect and financial hardship as a result of job losses. This is likely to increase as the furlough scheme tapers out and the uplift to Universal Credit ends.

- **Increased levels of complexity -** the majority of the displaced demand has been at the level of early help and child in need. The reduced contact with early years, education and health professionals over the last 18 months means many families 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. This has been apparent throughout the period of the pandemic.

- **Delayed throughput in the care system -** activity across the family courts has slowed down considerably due to Covid-19 restrictions despite the best efforts of everyone working in the system to design and mainstream remote hearings. 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. As a direct result of this, the number of children in care has increased as children continue to enter but fewer leave. A sharp increase in case durations can be seen, with cases taking an average of 43 weeks to conclude which is significantly in excess of the 26 week time-limit (MoJ, 2021).

38. The government allocated £4.6 billion funding to local authorities to support their response to Covid-19, £4.3 billion of this was unringfenced. Government data show that only 7.2% of this was spent on children's social care during 2020/21, raising to 10.1% for children's services. While this funding was much needed at the height of the crisis, ADCS members are concerned that while the additional funding has alleviated financial pressures in the short term, no sustainable long-term funding settlement has yet been discussed. Real and significant funding pressures have not been addressed but merely delayed as the reality of lost income sets in.

39. As noted above, LAs' ability to generate income has significantly reduced, government data show that for top-tier LAs responsible for children's services, their incomes losses during financial year totalled over £4 billion. The government provided a package of support, however, this did 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, effectively declaring themselves bankrupt.