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PERFORMANCE TRACKER | LOCAL

Fixing the children's social care market

Amber Dellar

About this report

This report looks at the variation in provision for children in care across England, comparing local authorities' characteristics to examine what might explain differences across England and over time. It is part of the Institute for Government's Performance Tracker Local series, supported by the Nuffield Foundation.

@instituteforgovernment.org.uk
www.instituteforgovernment.org.uk

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Summary

The children's social care market in England is broken. When a child needs to go into care, councils often face a limited set of options, with choices shaped too much by the provision that is available than by the child's needs. Sometimes, the options are so limited that local authorities must pick the "slightly less unacceptable" of two unacceptable alternatives.[1]

At the root of this problem is a mismatch between the demand for care and its supply. There are simply not enough placements *of the right type, in the right places*, to meet children's needs. In practical terms, this means that:

- **Too many children are in unsuitable care.** They are placed increasingly far from their support networks, and sometimes in residential care – the most acute form of provision and the one least resembling a family environment – when their needs would be better met in foster care. Some of the most vulnerable children live in settings with no formal oversight, leaving little assurance that minimum standards of care are met.

- **The quality of care is subject to a postcode lottery.** Too often, the suitability of a child's care is arbitrarily determined by which local authority is responsible for them, and what provision they have access to. Disparities in care quality across England are widening as the market becomes increasingly dysfunctional.

- **The system is financially unsustainable.** Scarcity of provision means that spending on children's care has rocketed, reaching a point where it is financially unsustainable.[2] According to the Competition and Markets Authority, the largest private providers are making "materially higher profits" than would be expected were the market functioning effectively.[3] Children's social care now exerts massive pressure on local authority finances, putting some local authorities at risk of insolvency.

There is more that local authorities could do to realign the supply of children's social care with demand, for example:

- develop better forecasting capability

- provide foster carers with a more comprehensive support offer

- invest more in their own provision

- invest in preventative services to alleviate some acute pressure.

But these actions require upfront (and, in most cases, ongoing) investment, which is incredibly difficult for councils to scrape together given the deep cuts made to their funding since 2010. And even with additional funding, clear political direction is needed to signal that such investments are ones that elected officials expect local authorities to make.

Councils' ability to shape the set of available placement options, and to forecast or stem demand for the most acute forms of care, is – critically – limited. Private providers increasingly dominate the residential care market, which, in some cases, allows them to set prices, or refuse to provide care for children with more complex needs when they are equipped to do so. High levels of debt among some of the largest private providers leave the social care system and the children in it exposed to sudden and widespread service closures. Private providers are offered few incentives to create capacity where it is needed so, instead, many build provision in the most commercially viable or cheap areas of the country. And certain regulatory and workforce barriers, over which councils have little power, may discourage providers of any type from seeking to create new capacity.

Councils also have limited influence over demand, and do not always have data available that they can use to forecast it. Gaps in other public services, particularly mental health services, drive some of the most acute demand for care. Where children's primary needs sit outside social care, local authorities can become involved only at crisis point, leaving little scope to prevent, or forecast, escalation into the most intensive and expensive forms of care. Councils have even less control and foresight over demand from unaccompanied asylum-seeking children, which is instead determined by the UK's immigration policy and the global refugee crisis.

Although these problems have now intensified into crisis, they are not new. The then government acknowledged many of them in 2007 in its *Care Matters* white paper, which set out proposals to strengthen councils' ability to commission enough suitable local care placements.[4] Nearly 20 years later in 2024, the Starmer administration announced a suite of reforms to children's social care with very similar aims.[5]

The new reforms set out a clear and ambitious vision, with a particularly welcome focus on early intervention, and backed by relatively generous funding.[6] Yet the proposals stop short of the integrated, cross-service approach needed to support children at the sharpest end of the care system, who often have multiple and overlapping needs. The government must also address system-wide barriers – including gaps in key data and insufficient workforce capacity – that risk undermining the delivery of its vision.

A 10-point plan to deliver children's social care reform

To make sure its reforms deliver real change for children, the government should:

1. Ensure that regional care co-operatives have the funding, analytical capacity and data they need to forecast demand for children's social care well
2. Ensure that regional analysis of demand retains granular insight
3. Clearly define preventative spending, prioritise it at every level of government and ensure it is not siloed
4. Improve the availability and quality of data on preventative children's services
5. Tackle the financial barriers to becoming a foster carer, and identify and address shortages in specific types of foster placement
6. Make clear what baseline it will use for measuring progress towards its target for 10,000 additional foster places
7. Clarify the structure of its desired care market, as the National Audit Office has recommended
8. Develop a clear plan to ensure there is enough workforce capacity to deliver its reforms
9. Provide incentives and funding structures that enable better co-ordination of support for vulnerable children
10. Ensure that accountability for commissioning children's social care sits with the appropriate bodies, supported by robust data.

Box 1 **Our data and methodology in brief**

This report examines data on children's social care in England, using publicly available data from the Department for Education and from Ofsted.

We do not have access to child-level data. Instead, we use national-, regional- and local authority-level data. We have excluded the Isles of Scilly, the City of London and Rutland from all of our local authority-level analyses due to the small size of their care populations.

Throughout this report, we use multivariate regression analysis to explore the relationships between the variables at a local authority level. This allows us to assess the relationship between two variables while 'controlling' for other factors, or assuming they are held constant. This does not let us say that one variable causes another, but that a high level in one tends to occur with a high (or low) level in the other.


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IW Fostering
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Newport
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Visit: iafostering.org.uk
Follow us on Facebook:
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Emergency engine stop behind door
HJ16 HSO
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1. The changing nature of demand for care placements

Between 2010 and 2025, the number of children in care across England rose from 64,000 to 82,000, or from 57 to 67 children in every 10,000.[1] This means that around three children in every school in England are now in care, on average.[*,2]

Box 2 **Different types of care**

A child[**] is considered to be 'in care' if their local authority is responsible – or caring – for them, or has provided them with accommodation for more than 24 hours.[3]

For most of these children (67% in 2025), this means living in a foster placement, where an approved carer looks after them.[4] Around one in five (21%) live in residential care: 12% live in children's homes or secure children's homes – the latter being specialist provision designed to restrict liberty – and 9% are in supported accommodation, which caters for children aged 16 and 17 and offers greater independence.[5]

Meanwhile, 10% of children in care live with parents or those with parental responsibility, with prospective adopters or in other residential settings such as hospitals or young offender institutions.[***] This report does not cover these placement types, which in many ways sit in different 'markets'. It also does not cover children who receive other social care services, such as family support, but who are not in the care system.

While supported accommodation is not always classified as residential care, data reporting practices make it impossible to analyse children's homes and secure homes separately from supported accommodation when examining trends before 2020.[****] Where possible, the report focuses specifically on children's homes and secure children's homes.

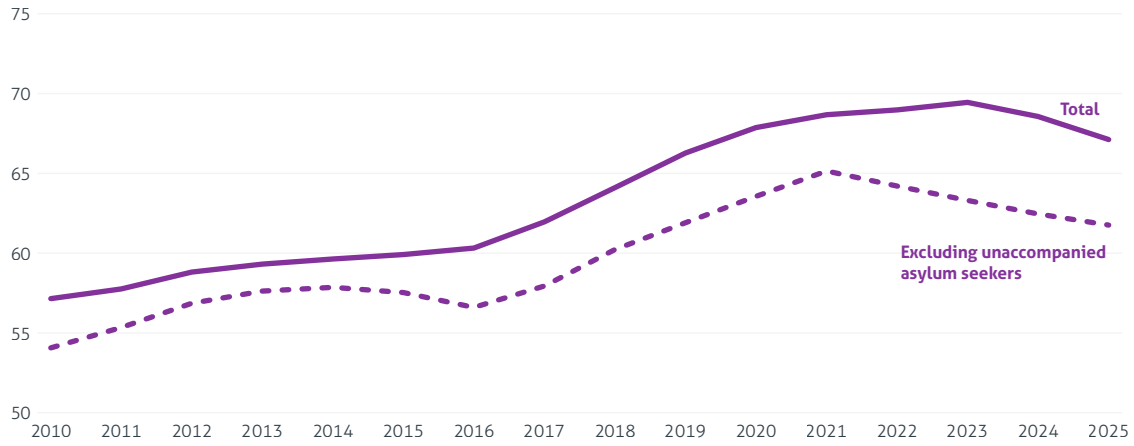
* Calculated by dividing the total number of children in care in England in March 2025 by the total number of schools in the 2024–25 academic year. This is used to illustrate scale rather than provide a precise estimate, as it assumes an even distribution of children in care across schools.

** Throughout this report, the terms 'child' or 'children' include young people aged up to and including 17 years of age.

*** A further 3% of children in care are recorded in the 'other placements' category. These percentages do not sum to 100% due to rounding.

**** The Department for Education's 2024 data release split data on children's homes and data on supported accommodation for the first time, and provides this split back to 2020. But to analyse data in time series longer than that, the less granular categorisation must be used.

Figure 1 **Children in care per 10,000 children, 2010–25**

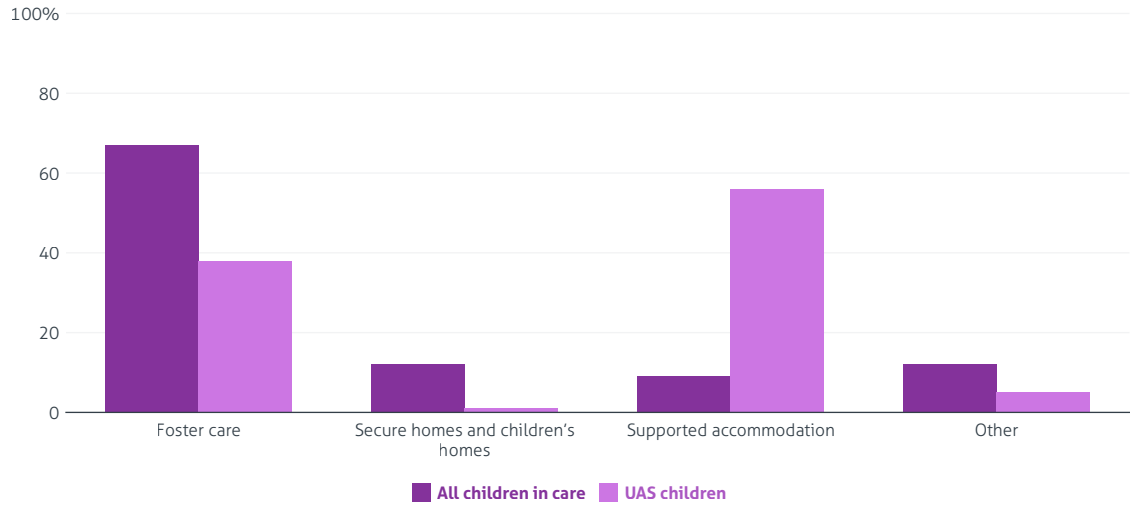


Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2010–25 and ONS, 'Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland', 2010–24. Notes: Analysis covers England only. Data on children in care is as at 31 March each year; population estimates are for the middle of the year. Figures exclude children looked after under a series of short-term placements.

Around a fifth of this increase reflects rising numbers of unaccompanied asylum-seeking children (UASC) – children who have arrived in the UK without a parent or other responsible adult and who have applied for asylum alone. Their numbers rose sharply after 2014 as the global refugee crisis intensified, and again after March 2021 as borders reopened after the Covid pandemic. There are now 6,500 UASC in England's care system, making up 8% of children in care, up from 5% in 2010.[6]

Because UASC tend to live in different types of placement, this shift has likely had material consequences for the demand for those placements. UASC are six times more likely to live in supported accommodation than the average child in care, 12 times less likely to live in a children's home and just under two times less likely to be in foster care.

Figure 2 **Placement type of children in care, by unaccompanied asylum-seeker status, 2025**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025. Notes: Analysis covers England only and shows placements as at 31 March. Figures exclude children looked after under a series of short-term placements.

While this pattern of placements likely reflects the older age profile of UASC – 90% are aged 16 or over, compared to 22% of other children in care[7] – it may be reinforced by an 'adultification' bias, whereby UASC are treated as older than they actually are.[8] This risks steering UASC away from family-based placements such as foster care, even though some evidence suggests they have better outcomes there.[9]

As the dashed line in Figure 1 shows, the rise in UASC does not explain most of the growth in the rate of children in care. Excluding UASC, the rate has still increased by 14% since 2010, to 62 children in every 10,000. This is partly because there are now fewer exits from care, as adoptions and family reunifications have become less common.[10] It may also reflect wider pressures, including:

- rising child poverty[11]
- cuts to universal, preventative services and benefits[12]
- increases – real or perceived – in children's exposure to extra-familial harms[13]
- greater risk aversion in social care.[14]

As well as becoming more numerous, many local authorities report that children in care have increasingly complex needs.[*,15] Ofsted defines this complexity as "multiple, overlapping needs" that "require a collective response from multiple agencies".[16] Many of these children's primary needs lie outside of social care – in health, education, welfare, immigration or the justice system. And recent Institute for Government research suggests that children's inability to access other services is, at least in part, driving this reported rise in complexity.[17] For example, a chronic lack of capacity in mental health services means that 150,000 children in England have already spent more than two years on a waiting list,[18] often entirely without professional care.[19] For some of these children, social care becomes the only formal route to support.

Children with the most complex needs often require specialist support, and sometimes round-the-clock supervision, which has increased demand for placements with specific facilities and expertise – especially secure children's homes and specialist foster care.[20]

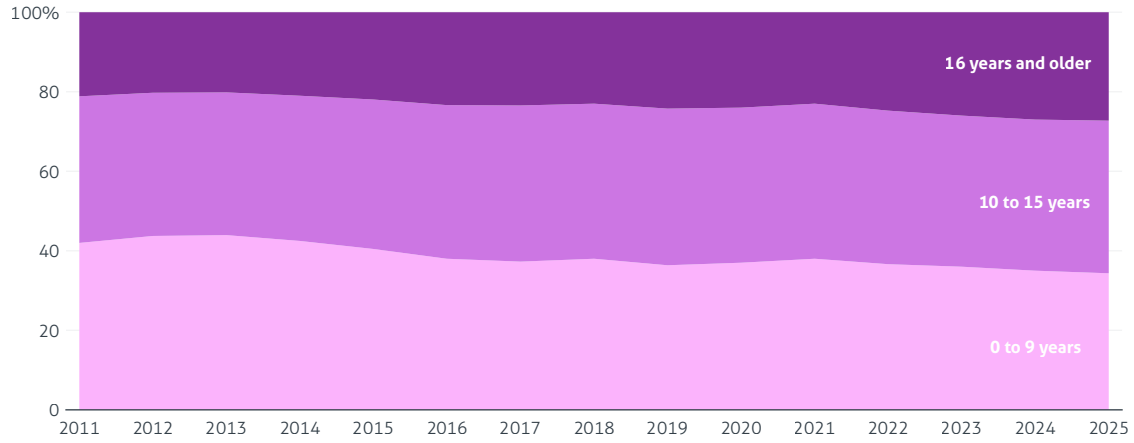
Finally, children in care are getting older. The share aged 16 and over rose from 21% in 2011 to 27% in 2025.[21] Although rising numbers of UASC account for much of this change,[**] fewer care exits mean children stay in care for longer, while increased identification of harms outside the home – which typically affect older children – means more children are entering care at older ages.[22] This has likely increased the demand for children's homes, including secure children's homes, which are predominantly used for older children.[***,23]

* Publicly available data lacks a good measure of complexity, making it difficult to quantify or track these trends systematically.

** The DfE has not published data on the age profile of non-UASC in care before 2021, so we cannot precisely quantify how much of the ageing of the care population is due to factors beyond the rise in UASC. But even if all UASC were aged 16 and over, they could still not account for all of the increase in age, meaning non-UASC in care have also been getting older on average.

*** This is not to say that these are the settings where older children have the best outcomes.

Figure 3 **Age of children in care, 2011–25**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2011–25.
Notes: Analysis covers England only and uses snapshots from 31 March each year. Figures exclude children looked after under a series of short-term placements.

2. Available placements do not meet the needs of children in care

It is widely acknowledged – by local authorities, the Department for Education (DfE), the National Audit Office (NAO) and the Competition and Markets Authority (CMA) – that many children live in care placements that do not meet their needs.[1]

Decisions about where a child is placed too often reflect a shortage of suitable local placements, rather than what is best for the child. At the root of this problem is a mismatch between the demand for care and its supply. There are not enough placements *of the right type, in the right places*, to meet children's needs.

There are not enough placements of the right type

The Children's Social Care National Framework is clear that children should, wherever possible, be raised in family environments.*,[2] This reflects well-established evidence that these settings offer the best outcomes for most children. But the shrinking supply of foster placements – the main route to family-based care for children who cannot remain with their own families – is making this principle increasingly difficult to realise.

Box 3 **Different types of foster carers**

Foster carers that local authorities or independent fostering agencies (usually profit-making organisations**) employ are often referred to as 'mainstream' carers, as they look after children they do not already know. By contrast, family and friends carers, or 'kinship carers', are approved to look after specific children who they already know.

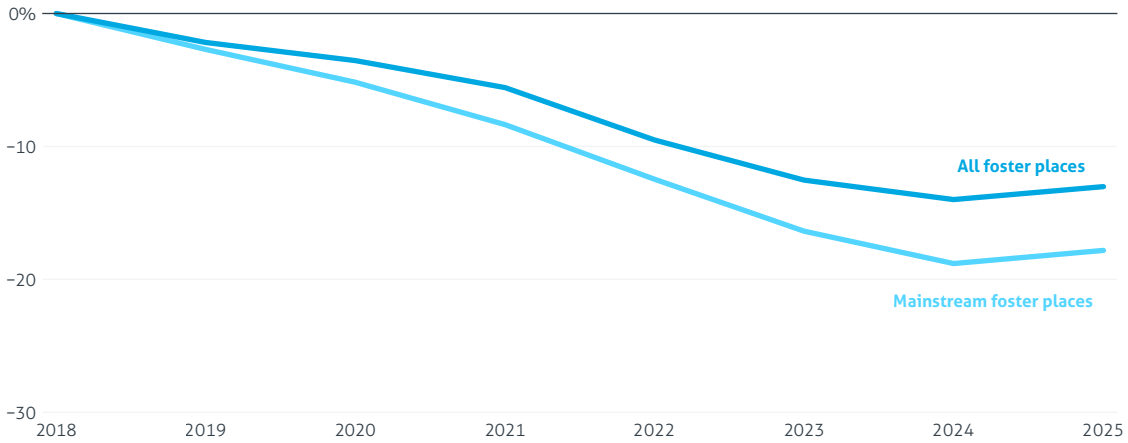
The number of households choosing to foster in England has declined overall since 2018, falling every year since 2021 and reaching 42,200 in 2025 – its lowest point in more than a decade.[3] But during the same decade, the number of children in care continued to grow. There were 6,400 more children in care in 2025 than there were in 2018,[4] but 1,300 fewer fostering households.[5] We discuss the reasons for this shortage below.

As a result, the number of approved foster places per child in care dropped by more than a tenth (13%) over the same period. In other words, there is a growing gap between the number of children in care and the supply of foster placements.

* Indeed, local authorities are legally obliged to give preference to placements that enable children to be raised by their families or family networks, where they are available, over other types of placements.

** As of 31 March 2025, 84% of the 339 independent fostering providers in England were private providers.

Figure 4 **Change in approved foster places per child in care since 2018, by fostering type**

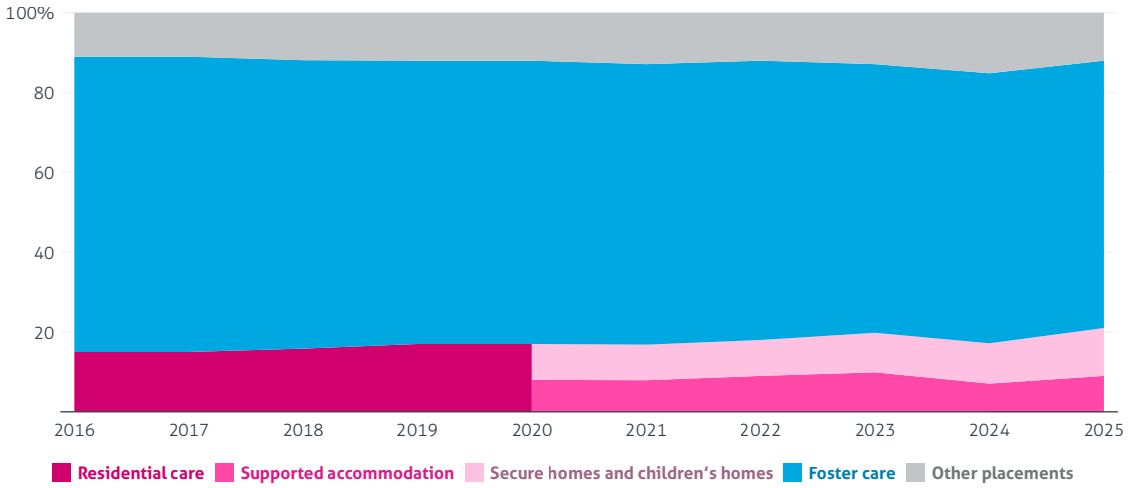


Source: Institute for Government analysis of Ofsted, 'Fostering in England', 2018–25 and DfE, 'Children looked after by local authorities in England (including adoption and care leavers)', 2018–25. Notes: Mainstream foster carers look after children they do not already know. Other foster carers – family and friends carers – are only approved to look after specific children they already know. Approved foster placements were not broken down by type in a comparable way prior to 2018. Analysis covers England only and uses snapshots from 31 March each year.

The gap becomes particularly pronounced once we account for the changing composition of foster carers. While the total number of fostering households has fallen by 3% since 2018, the number of family and friends fostering households has increased, and by a substantial 44%.[6] This is a positive development that allows more children to remain within their family networks. But as a result, the headline 3% drop masks a far steeper fall in the supply of foster places for children without kinship care arrangements. Excluding kinship care, the number of fostering households dropped by 11% between 2018 and 2025, and the number of approved foster places per child in care fell by nearly a fifth (18%).

This gap in the supply of foster placements has contributed to a decline in their use, with 67% of children in care living in foster homes in 2025, down from 73% in 2018.[7]

Figure 5 **Placement type of children in care, 2016–25**



Source: Institute for Government analysis of DfE, 'Children looked after by local authorities in England (including adoption and care leavers)', 2016–25. Notes: Residential care covers children's homes, secure children's homes and supported accommodation. More granular breakdowns of these accommodation types are only available from 2020 onwards. Residential employment is also included in 'residential care', but is recorded under 'other placements' from 2020 onwards. This involves a small number of children so is unlikely to affect overall trends. Changes to registration requirements, which temporarily led some supported accommodation placements to be recorded under 'other placements', affected the data for 2024. Analysis covers England only and uses snapshots from 31 March each year. Figures exclude children looked after under a series of short-term placements.

Instead, some children who would have been better served in foster care have ended up in residential settings[8] – as the DfE has acknowledged.[9] Ofsted looked at a small sample of 111 children living in residential homes in 2019 and found that a third of them originally had foster care on their care plan.[10] In 2024, research commissioned by the DfE estimated that 20–30% of residential placements were the result of failing to find a suitable foster placement.[11]

Residential care has therefore become more common, accommodating 21% of children in care by 2025, compared to 15% in 2016.[12] The number of children in residential settings rose by 60% over those nine years, from 10,600 in 2016 to 17,000 in 2025. Since 2020 – when the data first allows us to separate types of residential care – this increase has mostly been driven by a greater use of children's homes, which rose from 9% in 2020 to 12% in 2025, rather than a greater use of supported accommodation, which rose from 8% to 9%.[13]

However, the rising reliance on residential settings is not entirely the result of the shortage of foster care. Shifting demographics in the care population – increases in the numbers of UASC, older children and the complexity of need – also play a role, as these groups are more likely to live in residential settings than other children in care, as noted earlier. In particular, the increases in older children and UASC in the care population between 2020 and 2025 can more than explain the small national rise in reliance on supported accommodation over this time period.* They cannot, however, explain the larger rise in the use of children's homes.**,***

* See M1 in the Methodology, found as a PDF on this report's webpage, for details of the regression.
** See M2 in the Methodology for details of the regression.
*** We cannot assess how far changes in the complexity of children's needs contribute to this trend as the data does not contain a robust measure.

Beyond the general shortage of foster carers, there are also gaps in provision for specific children, especially those with the most complex needs. In the foster system, there is a lack of carers with the willingness, specialist skills or facilities to look after certain groups of children. Fostering services report particular challenges finding foster homes for teenagers, sibling groups, children with disabilities or complex needs and UASC[14] – some of which make up a growing share of the care population. It is therefore unsurprising that, in a survey run by the Fostering Network in 2024, 91% of fostering services said they were experiencing a shortage of foster carers for children with particular needs, up from 82% in 2021.[15]

A similar shortage of placements for children with the most complex needs exists in residential care, particularly for children who have been deprived of their liberty.[16] To be deprived of liberty is to be confined for a significant period of time by the state, without valid consent.[17] For children in receipt of social care, this usually arises when they are judged at risk – of criminal or sexual exploitation, or of harming themselves or others.

The number of secure children's homes has more than halved since 2002, falling from 31 to 14 in 2025.[18] Providers' frequent reluctance to accept referrals for children with the most complex needs is further squeezing capacity.[19] In some instances, this is justifiable: homes may lack the staff or specialist facilities required, or worry about unsettling other children already living there.[20] But in other cases, providers purportedly 'cherry-pick' the children they take into their care, since they know other referrals will soon come along.[21] Concerns among providers that taking on more challenging children may negatively affect their Ofsted ratings are partly driving this behaviour.[22]

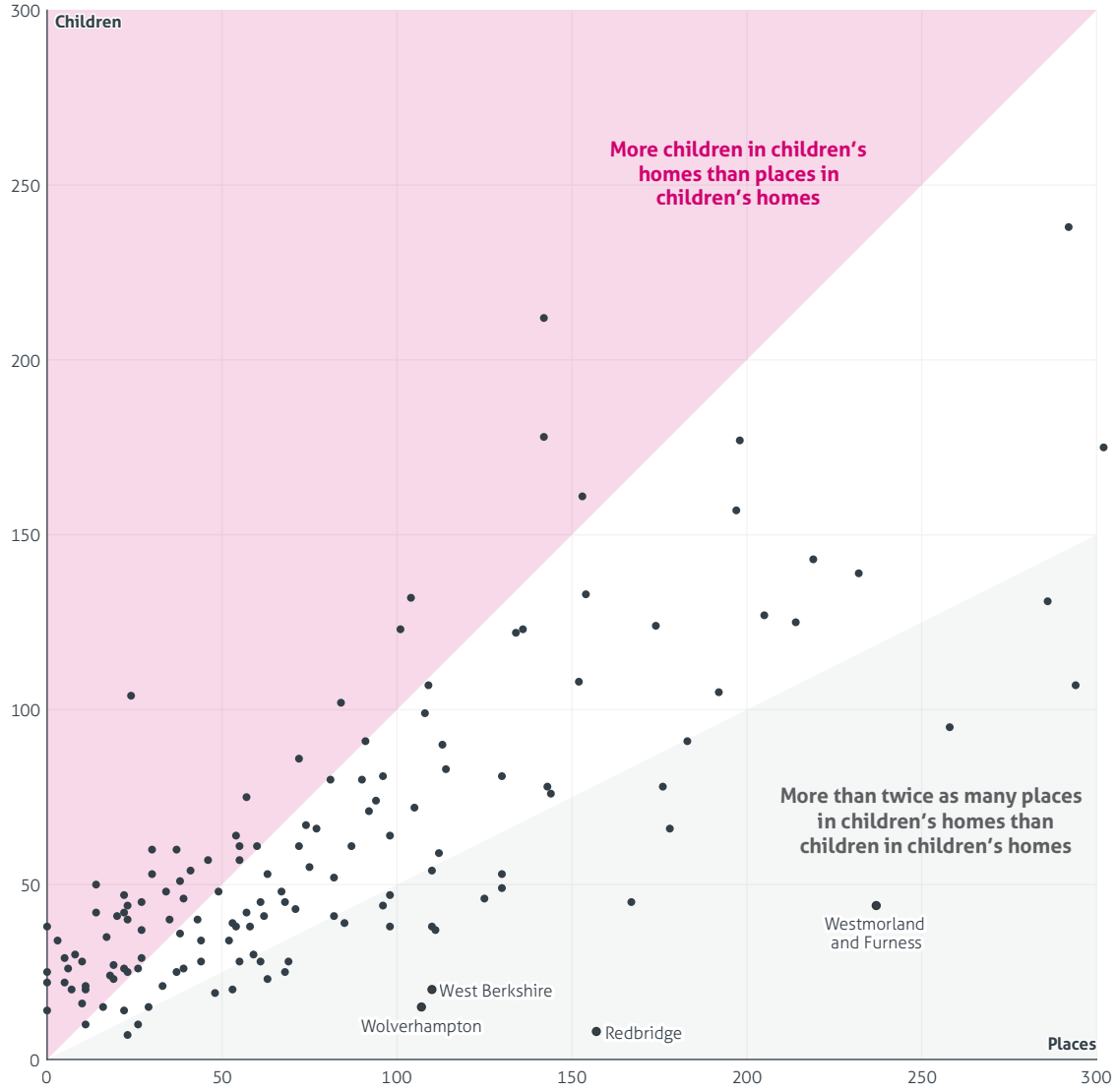
As the number of children with complex needs grows, the most vulnerable increasingly have nowhere to go. In 2024, Ofsted reported that around 50 children were waiting for a secure children's home place on any given day.[23] There were only 240 places in England in March 2025.[24]

There are not enough placements in the right places

The problem is not just which placements exist, but also where they are located. Local authorities are legally required, where practicable, to provide accommodation within the local area so children in their care can live near home.[25] In reality, many cannot meet this duty because of local shortages in provision.[26] While distant placements are sometimes considered necessary to separate a child from negative influences or to meet certain specialist needs, too many children in care are living far from home simply because there are not enough options nearby.[27]

This geographic mismatch is starkest in children's homes and secure children's homes, which are often located far from the children they serve. In March 2025, more than a third of councils (52) were using more children's home places than existed within their boundaries.[28] Altogether, these councils contain 1,846 children's home places – 961 (or 34%) short of the demand from children in their care, with many therefore living outside their local areas. The London boroughs of Southwark, Lambeth, Westminster, and Kensington and Chelsea contained no active children's homes at all, despite placing a total of 99 children in these settings.[29]

Figure 6 **Children in children's homes and secure children's homes compared to places, by local authority, 2025**



Source:Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025 and Ofsted, 'Children's social care in England 2025 underlying data'. Notes:Places only include settings with active registrations. Places used for short breaks only are excluded. The number of children in children's homes excludes those in a series of short-term placements. Lancashire, Staffordshire and Kent are not shown because they each have more than 400 children's home places, which would distort the scale. The City of London, the Isles of Scilly and Rutland have been excluded due to small care population sizes. Analysis covers England only and data is as at 31 March 2025.

A vast oversupply of children's home places elsewhere in England shows the other side of the same coin. Five local authorities – Redbridge, Lancashire, Wolverhampton, West Berkshire, and Westmorland and Furness – host more than five times as many children's home places than they use themselves.[30] The London borough of Redbridge provides the most striking example, with 20 times as many children's home places within its boundaries as it uses for children in its care. Lancashire (excluded from Figure 6 because its 1,010 places would distort the scale) is close behind, with local supply 17 times greater than local demand.

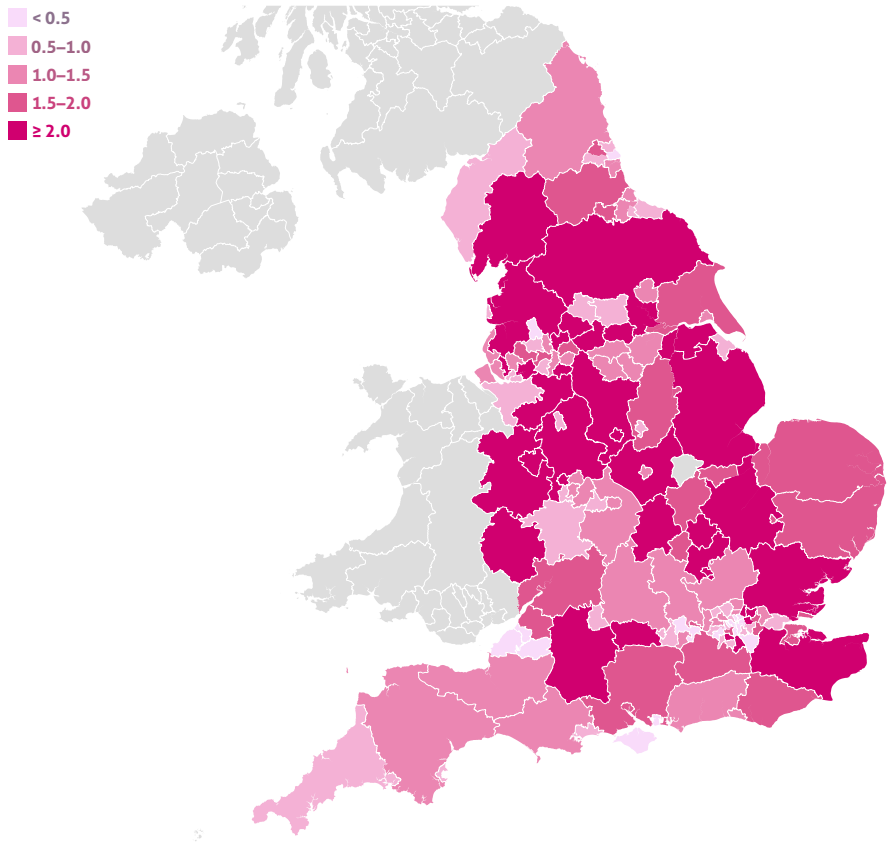
Yet even oversupplied local authorities cannot always access their local children's homes due to children from elsewhere occupying them.[31] This suggests that, even where placements are available locally, they are not always allocated in a way that best meets children's needs.

Children's homes are so geographically concentrated at least in part because most of them (84%) are privately owned.[32] Private providers tend to create capacity where the housing and labour market is cheapest to reduce their operating costs, meeting national instead of local demand for care placements.[33] There are also practical advantages to clustering provision in one place – for example, providers will know the local market and can rotate staff between settings.[34]

As a result, when comparing areas with similar levels of local demand, children's home places are more common where housing is cheaper and wages are lower.* Take Rochdale in the North West and Bath and North East Somerset in the South West, which both place a similar rate of children in children's homes (9.3 per 10,000 children). Children's home places are more than 20 times as common in Rochdale than in Bath and North East Somerset (18.9 versus 0.8 per 10,000 children), with Rochdale also having 11% lower median hourly pay and 48% lower median house prices. Ofsted's chief inspector, Sir Martyn Oliver, has said that this "strong profit motive… bends the system out of shape".[35]

* See M3, M4 and M5 in the Methodology, found as a PDF on this report's webpage, for details of the regressions.

Figure 7 **Children's home places per child in a children's home, by local authority, 2025**



Source:Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025 and Ofsted, 'Children's social care in England 2025 underlying data'. Map data:© ONS Geography. Notes:Places only include settings with active registrations. Places used for short breaks only are excluded. The number of children in children's homes excludes those in a series of short-term placements. The City of London, the Isles of Scilly and Rutland have been excluded due to small care population sizes. Data is at 31 March 2025.

It is unsurprising, then, that while 10% (940) of children in children's homes are from London, only 7% (1,033) of children's home places are located there.*,[36] The South West is in a similar position, responsible for 9% of children in children's homes but containing only 6% of the supply (820 versus 833).[37] In comparison, the North West and East Midlands have substantial excess capacity, hosting 22% and 13% of places but contributing 17% and 10% of demand, respectively.[38]

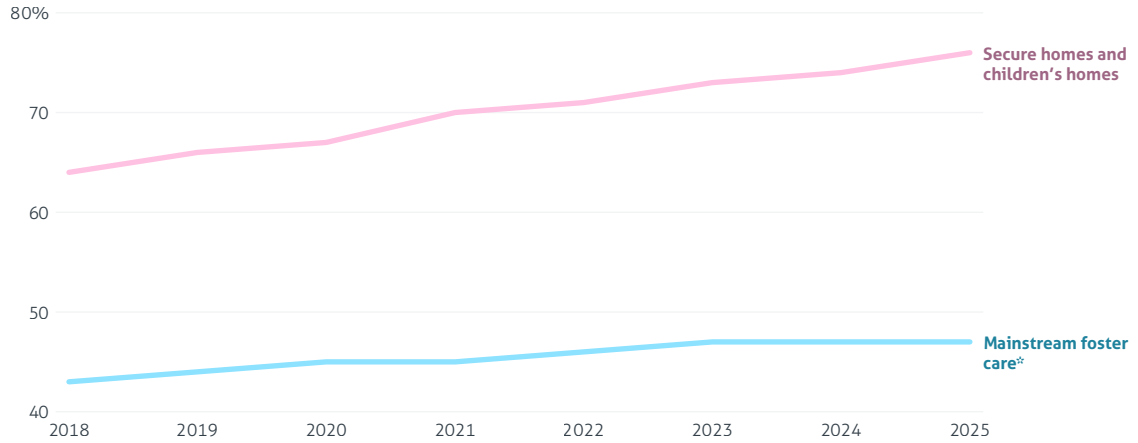
These imbalances have likely become more pronounced over time. In 2022, the CMA found that new capacity was disproportionately being added in areas that were already oversupplied, with 30% of new places being added in the North East but only 4% in London and 4% in the South East.[39]

Places in children's homes and secure children's homes have become increasingly outsourced in recent years, with 64% of places run by private providers in 2018, compared to 76% in 2025.[40] This is a faster rate of outsourcing than we have seen in mainstream foster care, where independently provided placements still increased,** but from 43% to 47%, over the same time period.[41]

* For each region of England, the number of children's home places within its borders exceeds the number of children the constituent local authorities have placed in children's homes.

** This includes provision from the voluntary sector, although primarily consists of private provision.

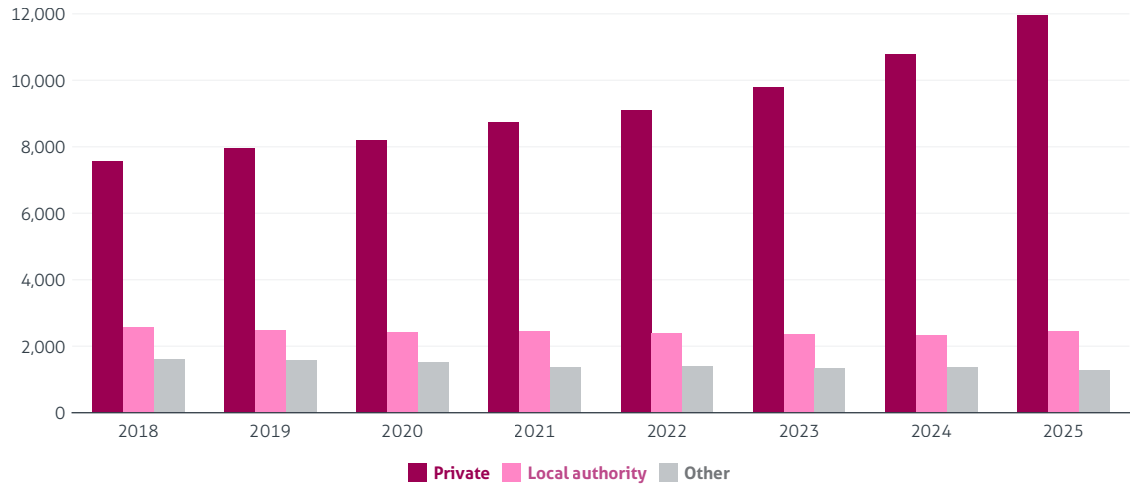
Figure 8 **Privately provided children's care places, by type, 2018–25**



Source: Institute for Government analysis of Ofsted, 'Children's social care in England underlying data', 2018–25 and 'Fostering in England', 2018–25. Notes: * This shows the rate of independently provided mainstream foster placements, which includes provision from the voluntary sector, although primarily consists of private provision. Mainstream foster carers look after children they do not already know. Other foster carers – family and friends carers – are only approved to look after specific children they already know. The data covers approved mainstream foster care places and places in active children's homes. Children's home places include those used for short breaks only. Analysis covers England only and data is as at 31 March of each year.

Growing numbers of private children's homes, rather than the closures of public ones, have almost entirely driven this trend of outsourcing. Local authorities provided a similar number of children's home places in 2018 (2,600) as they did in 2025 (2,500).[42] Meanwhile, the number of privately run children's home places rose sharply from 7,600 to 12,000 – an increase of 58%.[43] Local authorities have suggested that concerns over reputational risk arising from a number of scandals, along with financial constraints limiting their ability to invest in their own provision, may help to explain the growth in private children's homes.[44]

Figure 9 **Children's home and secure children's home places, by provider type, 2018–25**

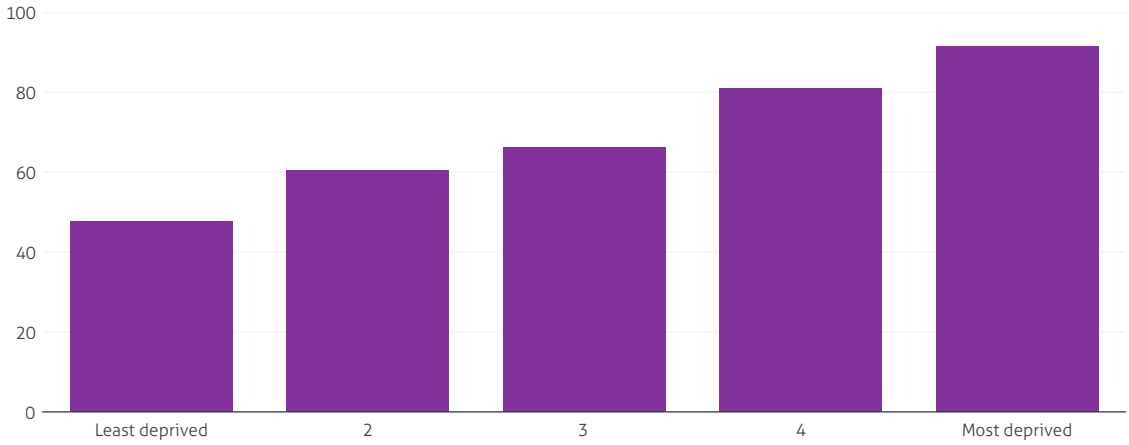


Source: Institute for Government analysis of Ofsted, 'Children's social care in England underlying data', 2018–25. Notes: Places are in active children's homes, including those used for short breaks only. Analysis covers England only and data is at 31 March of each year.

There may also be geographic imbalances between the availability of foster placements and demand, but these are difficult to measure. Around two fifths of foster placements are provided by independent fostering agencies (IFAs) that can operate across multiple local authorities,[45] so it is more meaningful to assess whether supply meets demand at the national, rather than local, level.

What we *can* say is that the places facing the biggest foster carer recruitment challenges are not always the ones with the fewest children in care. For example, it is harder to recruit foster carers in areas where fewer adults have the resources and space in their homes.[46] But poorer areas tend to have more children in care per 10,000 children. The most deprived fifth of local authority areas has almost double the rate of children in care as the least deprived fifth, at 92 versus 48 children per 10,000.

Figure 10 **Rate of children in care per 10,000 children in 2025, by quintile of deprivation**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025 and MHCLG, 'English indices of deprivation 2025'. Notes: Quintiles are produced using average scores for overall deprivation in each upper-tier local authority. Children in care data is as at 31 March 2025 and excludes children looked after under a series of short-term placements. Analysis covers England only and excludes the City of London, the Isles of Scilly and Rutland due to small care population sizes.

3. The consequences of a broken care market

Children are too often in unsuitable care and face a 'postcode lottery' in care quality

The lack of appropriate placements, in the right locations, has real, lasting consequences for children in the care system.

Some children are unnecessarily placed in institutional settings, separated from their siblings, unable to access vital therapeutic support, moved far away from their home area and community, and face ongoing instability. As the CMA wrote in 2022:

> **"Given the vital importance of good placement matches for successful outcomes for children, and particularly the negative impact of repeated placement breakdown, these outcomes should not be accepted. It is a fundamental failure in the way the market is currently performing."**[1]

Overuse of residential settings and splitting siblings up

The shortage of foster carers, for example, means some children who would benefit from family-based placements are being placed in residential care. This is in direct conflict with the Children's Social Care National Framework, which recognises the importance of family environments for most children's development and states that children should be raised in them, wherever possible.[2] It also leaves less capacity for the children who *are* best suited to residential settings.

Siblings in care are being separated because too few placements can accommodate them together. Although data is limited, the children's commissioner estimated in 2023 that more than a third (34%) of sibling groups in England are separated in their first placement.[3] This sits in tension with local authorities' duty to place siblings together wherever reasonably practicable and in their best interests.*,[4] The available evidence, while limited, suggests that sibling co-placements may be more stable and promote better mental health and educational outcomes than if they are placed apart.[5]

Deprivation of liberty orders and unregistered homes

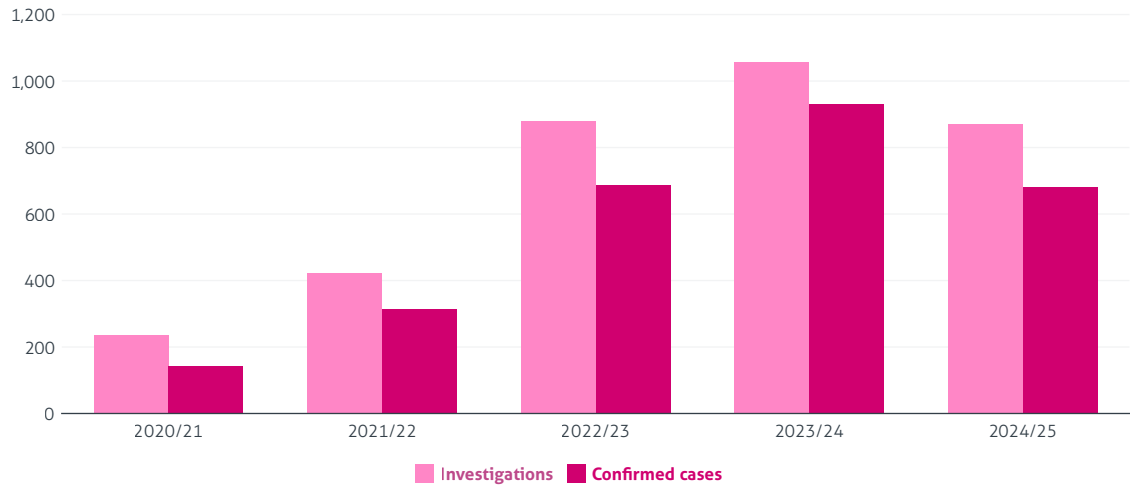
As recent Institute for Government analysis shows, the dangerous inadequacy of placements for children who have been deprived of their liberty has caused local authorities to turn to deprivation of liberty orders (DoLs).[6] Intended as a last-resort measure for authorising a deprivation of liberty when none of the statutory mechanisms – such as a secure accommodation order – applies, DoLs generally mean children are placed in unregistered settings. These settings are unlawful, lacking Ofsted oversight and any guarantee of minimum standards. When inspectors do investigate, they often find poor-quality care.[7]

* This requirement does not apply if a child is being considered for adoption.

Although the DfE has stated that no children should be living in unregistered homes,[8] nearly nine in 10 councils told Ofsted that they had placed children in one in 2024/25 because they could not find places in registered homes that met the children's needs.[9] Rachael Wardell, former president of the Association of Directors of Children's Services, has described this as choosing the "slightly less unacceptable" of two unacceptable alternatives, the other being a child without any placement at all.[10]

Despite this, Ofsted has become aware of a growing number of unregistered children's homes, uncovering 680 in 2024/25, nearly a fivefold increase on the 144 it found in 2020/21.[11] With councils under no obligation to disclose these placements, the true figure is almost certainly higher.

Figure 11 **Investigations and confirmed cases of unregistered children's homes, 2020/21–2024/25**



Source: Institute for Government analysis of Ofsted, 'Unregistered children's homes: Transparency data', 2024 and Ofsted, 'Annual report 2024/25'. Notes: Analysis covers England only.

The use of DoLs and their impact on children have drawn repeated concern from across the system, including from family court judges, directors of children's services, Ofsted and family rights groups.[12] Too often, children who need stable, specialist support are instead placed in unregistered provision as a stopgap, with the hope that something more suitable will emerge.[13] The result is poor outcomes for the most vulnerable children and material pressure on the workload of family courts. This situation is far from inevitable. As Lady Arden wrote in a Supreme Court judgment in 2021:

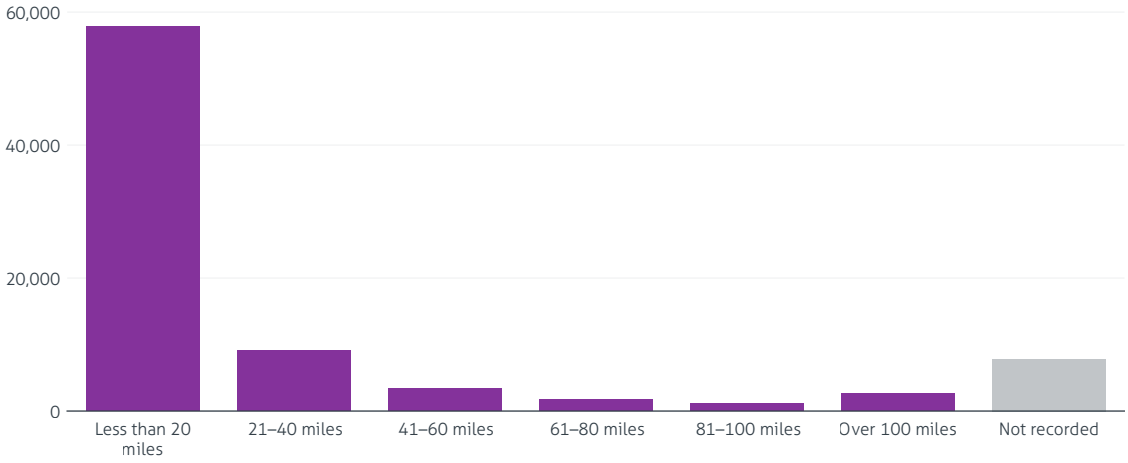
> "It is not entirely clear to me... why the Secretary of State cannot or cannot yet enable all children who need to do so to enjoy the security of a registered home. This problem is clearly not a new one... It is not satisfactory that the courts should be used to address not just a specific gap but a systemic gap in the provision of care for children."[14]

Distant placements

Finally, the broken care market means many children in care live far away from home. Despite local authorities' legal duty to provide accommodation in the local area that meets children's needs,[15] more than a fifth (22%) of children in care in England in 2025 – 18,100 children – were living in 'distant' placements, that is, more than 20 miles from home.*,[16]

Ad hoc data reveals the spread of distances within 'distant' placements in 2024. While half were within 40 miles, some were considerably further away, including 2,670 that were more than 100 miles away – 3.2% of all placements in that year.[17] Only 830 of these were in kinship care, adoption placements or with people with parental responsibility – arrangements where the long distance is often more justifiable in relation to the child's needs. The remainder were in other forms of provision.

Figure 12 **Distance of children in care placements, 2024**



Source:Institute for Government analysis of DfE, 'Children looked after: A focus on placement location, Reporting year 2024'. Notes:Most placements with unrecorded distance involve unaccompanied asylum-seeking children, though this may also reflect unknown home addresses or confidentiality concerns. Analysis covers children in the care of English local authorities, excludes those looked after under a series of short-term placements and data is as at 31 March 2024.

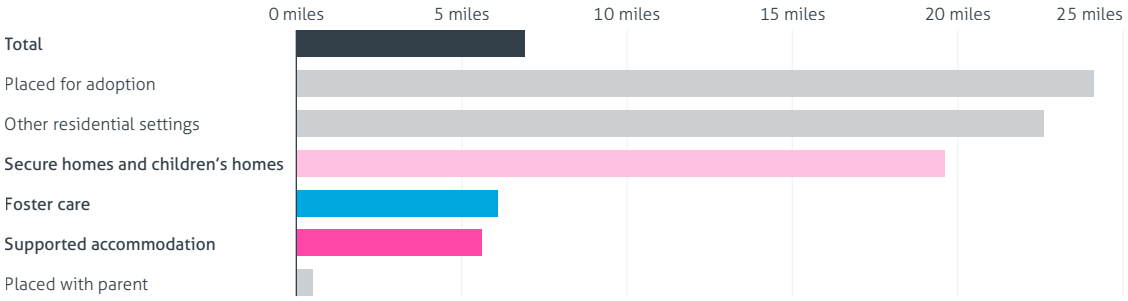
This illustrates the consequences of not having enough care provision in the right places. In some situations, distance is considered necessary to separate a child from harmful influences; for example, to safeguard them from gangs or child sexual exploitation. But when children live far away from home, they risk losing vital connections to family, friends and support services.[18] Distance can also disrupt education, break the continuity of health and social care support** and may increase vulnerability to exploitation.[19] And if a child is living far away, local authorities will find it harder to act as an attentive corporate parent – it is more difficult for social workers to spend time with them and, if the child has moved local authority areas, to know and understand the support available.[20]

* 'Home' is defined as the address where the child was living when they went into the care of the local authority. This is how we define 'distant' placements throughout the report. This definition is a reflection of how the DfE splits the data – some placements in this category will be significantly more distant than others.

** Transfers of care are key risk areas for patient safety because there is often no formalised system for continuity of care. See Health Services Safety Investigations Body, *Continuity of Care: Delayed diagnosis in GP practices*, 2023, retrieved 10 April 2026, www.hssib.org.uk/patient-safety-investigations/continuity-of-care-delayed-diagnosis-in-gp-practices

Children in children's homes and secure children's homes live particularly far from their established communities, at a median distance of 19.6 miles in 2024* – nearly three times the 6.9 miles for all children in care.[21] To some extent, distance for children in secure settings is unavoidable: secure provision is highly specialised and there are currently only 14 secure children's homes in England. But the scale of the gap also reflects the substantial mismatch between where these settings are located and where demand exists.

Figure 13 **Median distance from home of children in care, by placement type, 2024**



Source:Institute for Government analysis of DfE, 'Children looked after: A focus on placement location. Reporting year 2024'. Notes:Analysis covers England only, excludes children looked after under a series of short-term placements and data is at 31 March 2024. 'Other residential settings' include residential schools and residential employment. Placements in the 'other placement' category are not shown.

By contrast, children in other settings tend to live much closer to home. Those in supported accommodation are an average of 5.6 miles away, and those in foster care are 6.1 miles away.[22] Adoption placements and other residential placements tend to be even more distant than those in children's homes, but together these two settings accommodate just 3% of children in care,[23] and it is usually a deliberate choice to place children for adoption away from where their birth family live.

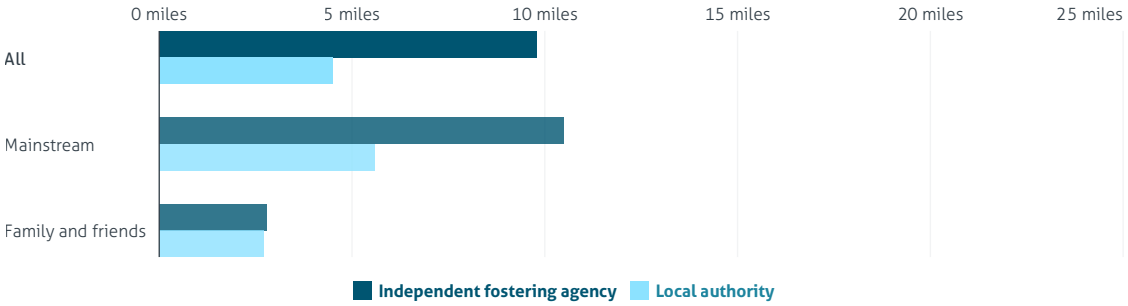
Our analysis shows that if a given local authority starts placing more of its children into homes, or places more children into privately provided placements of any type, or if their underlying rate of children in care increases, it is associated with them making more distant placements.** The first of these findings is exactly what Figure 13 would lead us to expect.

The second finding – although weaker than the others*** – reflects the greater competition that private placements face from multiple local authorities, and the larger geographic footprint over which some private providers operate. As a result, private placements are used by councils across a wider area than those that serve a single local authority.

* The latest year for which data is available.
** See M6 in the Methodology, found as a PDF on this report's webpage, for details on the regression.
*** This finding is just insignificant at the 95% level (p-value = 0.053), which means there is a slightly greater than 5% chance we would observe the effect we do if there was no relationship between reliance on private provision and distant placements.

DfE data from 2024* illustrates this: children placed in mainstream foster care with IFAs (predominantly privately run) lived a median of 10.5 miles from home, compared to 5.6 miles for local authority placements – almost half the distance.[24] Interviewees attributed this to IFAs operating over a larger footprint and to local authorities competing with one another for available places.[25]

Figure 14 **Median distance from home of children in foster care, by fostering type and provider, 2024**



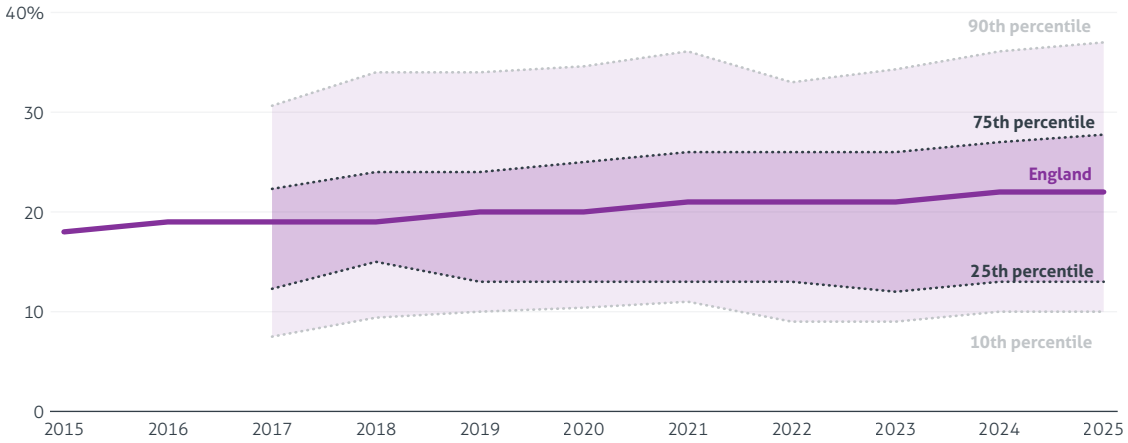
Source:Institute for Government analysis of DfE, 'Children looked after: A focus on placement location. Reporting year 2024'. Notes:Analysis covers England only, excludes children looked after under a series of short-term placements and data is at 31 March 2024. Mainstream foster carers look after children they do not already know. Other foster carers – family and friends carers – are only approved to look after specific children who they already know.

The third finding (that increases in the rate of children in care are associated with increases in distant placements) suggests that local authorities do not adjust their local supply of placements very responsively to changes in local demand – as the rate of children in care increases, more children are placed further away. This points to nationwide issues with demand forecasting and commissioning practice, and barriers to creating new provision, all of which we discuss in more detail below.

As the system has become increasingly reliant on care homes and private provision, and there has been an increase in the rate of children in care, distant placements have become more common. In 2015, 18% of children in care (12,800 children) were living more than 20 miles from home. By 2025, this was 22%, or 18,100 children, as noted earlier.

* The latest year for which data is available.

Figure 15 **Children in care placed more than 20 miles from home, by local authority,2015–25**

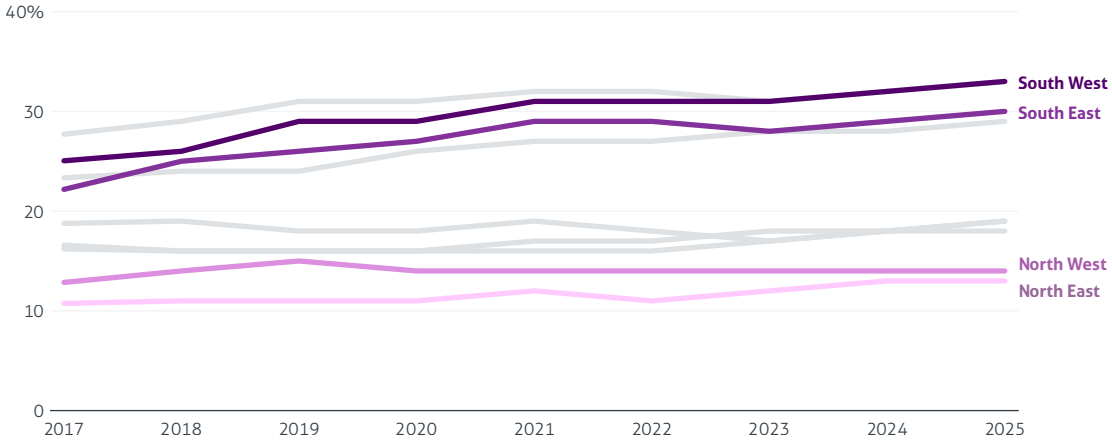


Source:Institute for Government analysis of DfE, 'Children looked after by local authorities in England (including adoption and care leavers)', 2015–25. Notes:Analysis covers England only and uses snapshots taken on 31 March each year. Local authority-level data is not available before 2017. Figures exclude children looked after under a series of short-term placements. The City of London, the Isles of Scilly and Rutland are excluded due to having small care population sizes.

The picture is also becoming more uneven across England – how far a child is placed from home increasingly depends on which local authority is responsible for their care. Since 2017, the gap between the quarter of local authorities placing the most children far from home and the quarter placing the least has widened by 5 percentage points (ppts), driven almost entirely by rising rates in the areas placing the most children far from home.

This pattern is even clearer at a regional level. Little has changed since 2017 in the regions where distant placements were already uncommon, but those at the top end of the distribution have continued to pull away. Children in the care of councils in the South East and the South West are now 8ppts more likely to live far from home than in 2017, with nearly a third living more than 20 miles away in 2025 (30% and 33% respectively). That is more than twice the rate seen in the North East and the North West (13% and 14% respectively), where the rate of distant placements has remained relatively stable.

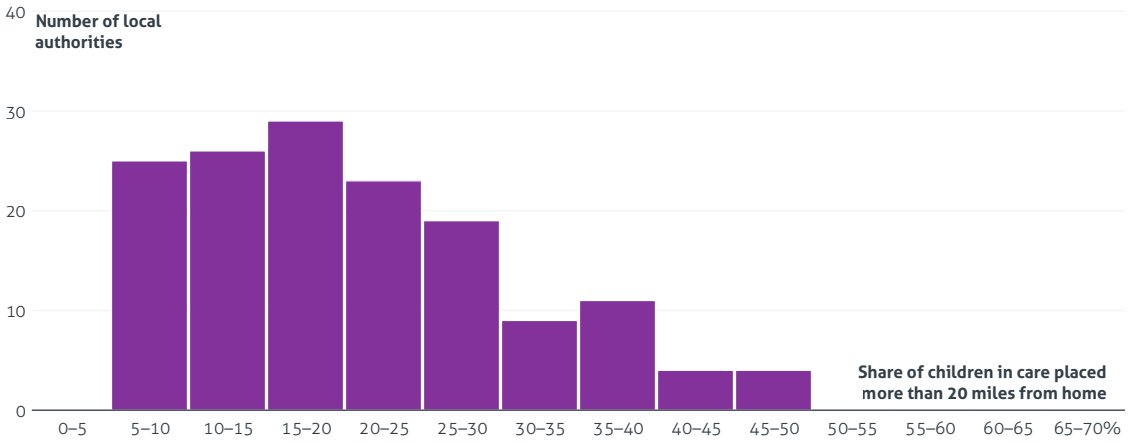
Figure 16 **Children in care placed more than 20 miles from home, by region, 2017–25**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2017–25. Notes: Figures exclude children looked after under a series of short-term placements. Analysis covers England only and data is from snapshots taken on 31 March each year.

At a local authority level, distant placements are most common in Cumberland, Lincolnshire, and Westmorland and Furness, where around half of children in care (50%, 49% and 48% respectively) were living more than 20 miles away from home in 2025.* At the other end of the spectrum is Wigan, where just 6% were. This is a clear illustration of the postcode lottery shaping children's experiences of care – where a child is from plays an increasingly major role in how far from home they end up.

Figure 17 **Distribution of children in care placed more than 20 miles from home, by local authority, 2025**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025.
Notes: Analysis covers England only, excludes children looked after under a series of short-term placements and data is at 31 March 2025. The City of London, the Isles of Scilly and Rutland are excluded due to having small care population sizes.

There are several reasons for this stark variation. The first is that, as we have already discussed, some areas are cheaper and easier places to set up care provision. As a result, local authorities with lower housing density (which means there are fewer local housing options), higher house prices and higher labour prices often place more children greater than 20 miles from home.**

* The 2024 reporting year was the first in which Cumberland, and Westmorland and Furness local authorities existed. But their high rate of distant placements is unlikely to be the result of a data error. Their predecessor – Cumbria County Council – also had the highest rate of distant placements of any local authority between 2020 and 2023 (between 53% and 56%). This excludes the City of London, Rutland and the Isles of Scilly, where the care population is small.

** See M7 in the Methodology, found as a PDF on this report's webpage, for details of the regression.

Figure 18 **Expected percentage-point difference in the share of children in care living in distant placements in 2025, in areas where:**

Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025; MHCLG, 'Live tables on dwelling stock including vacants – Live table 126', 2024; ONS, 'Median house prices for administrative geographies', year ending March 2025 and ONS, 'Earnings and hours worked, place of work by local authority: ASHE Table 7', 2025. Notes: This chart shows the output from a multivariate regression; see the Methodology, found as a PDF on this report's webpage, for details.

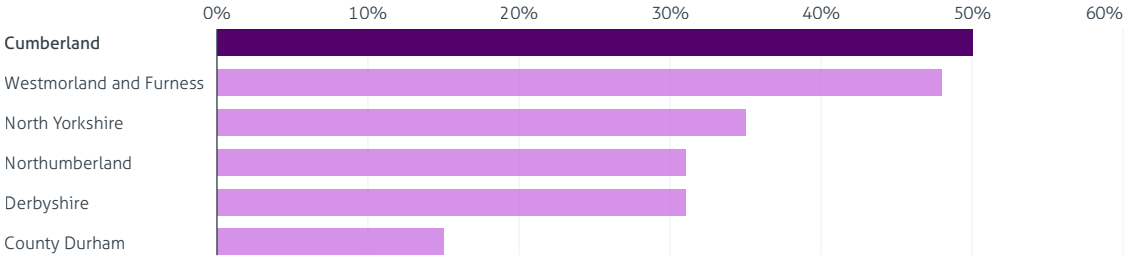
Controlling for the other variables, the fifth of local authority areas with the highest median hourly wages are expected to place 7.3ppts more children into distant placements than the fifth with the lowest. For house prices, the difference is 9.8ppts, and for housing density, the most built-up fifth of areas are expected to place 18.1ppts fewer children into distant placements than the least built-up fifth. Cumberland, Lincolnshire, and Westmorland and Furness have among the lowest housing densities of any local authority, likely contributing to their particularly high levels of distant placements.

Another factor behind the variation in distant placements is varying reliance on care homes and private providers, as noted above. Some of these differences may reflect varying levels of complexity among care cohorts, or external constraints on local supply, such as how fewer households in more deprived areas may be able to foster.

Equally, however, some variation may stem from councils commissioning or delivering services less efficiently – for example, securing poorer deals from providers or placing children in residential care when it is not required. This comes down to leadership quality and demand forecasting capabilities. Local authorities with the skills and will to be data-driven are better able to plan local capacity in children's services (for more detail, see Chapter 4: Recommendations).[26]

Indeed, comparing Cumberland – the area with the highest rate of distant placements – to its five closest 'statistical neighbours' (the areas that have the most similar economic and demographic characteristics) reveals striking variation in the rate of distant placements. While Cumberland places 50% of children in care more than 20 miles away from home, County Durham, a similar area, places just 15%, well below the national level.

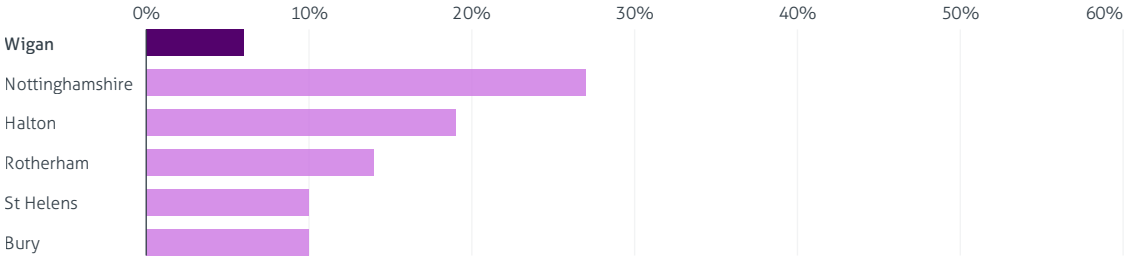
Figure 19 **Children in care placed more than 20 miles from home, in Cumberland and its nearest statistical neighbours, 2025**



Source:Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025 and ONS, 'Clustering similar local authorities and statistical nearest neighbours in the UK', 2025. Notes:Statistical neighbours are the areas in England most similar to a given area, as measured by the ONS in its 'global' model. Data is from 31 March, covers England only, and excludes children looked after under a series of short-term placements.

A smaller but still notable degree of variation emerges when we compare Wigan – the area with the lowest rate – to its statistical neighbours, with Wigan placing 21ppts fewer children more than 20 miles away than Nottinghamshire.

Figure 20 **Children in care placed more than 20 miles from home, in Wigan and its nearest statistical neighbours, 2025**



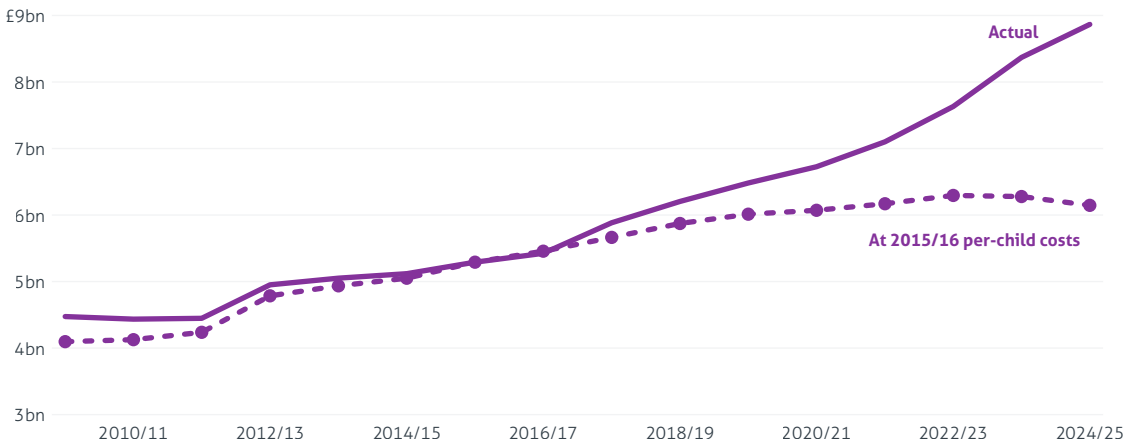
Source:Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025 and ONS, 'Clustering similar local authorities and statistical nearest neighbours in the UK', 2025. Notes:Statistical neighbours are the areas in England most similar to a given area, as measured by the ONS in its 'global' model. Data is from 31 March, covers England only, and excludes children looked after under a series of short-term placements.

Given that statistical neighbours face similar labour and housing markets, external constraints on local supply (including from rurality) and potentially comparable levels of complexity among children in care, it is likely that differences in the efficiency of local commissioning practices explain much of the variation we see between these areas.

The system is financially unsustainable

Spending on children in care has grown faster than economy-wide inflation every year since 2010/11. By 2024/25, local authorities were spending £8.9billion on children in care, nearly twice as much as the £4.5bn spent in 2009/10 and two thirds (68%) more than the £5.3bn spent in 2015/16 in real terms.

Figure 21 **Spending on children in care, actual and modelled, 2009/10–2024/25 (2026/27 prices)**

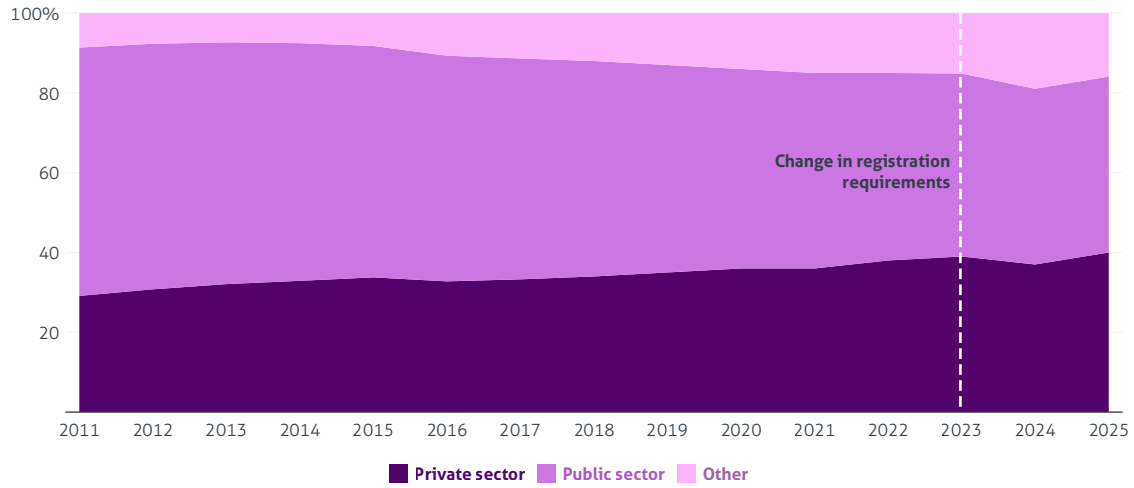


Source:Institute for Government analysis of DfE, 'LA and school expenditure', 2009/10–2024/25 and DfE, 'Children looked after in England including adoptions', 2010–25. Notes:Analysis covers England only. Spending is net expenditure and data on the number of children in care is taken from snapshots on 31 March each year.

The number of children in care rose by only 16% between 2015/16 and 2024/25, indicating that care is becoming increasingly expensive. If spending had risen in line with the care population since 2015/16, England would have spent only £6.1bn on care in 2024/25, nearly a third (31%) less than it did.

Part of the rise in costs may come from local authorities' growing reliance on private provision. In 2011, 19,100 children – 29% of those in care – were in privately provided placements. By 2025, that figure had risen by nearly three quarters to 33,000, constituting 40% of children in care. Meanwhile, use of public sector provision dropped from 62% to 44%, approaching parity with private providers.

Figure 22 **Providers of placements for children in care, 2011–25**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2011–25.
Notes: 'Other' includes voluntary sector placements, placements with parents and placements where the provider was not reported (which includes unregistered placements). The introduction of registration requirements for supported accommodation providers in October 2023 affected the data in 2024, particularly the rate of 'not reported' providers. Analysis covers England only and data is from snapshots taken on 31 March each year. Figures exclude children looked after under a series of short-term placements.

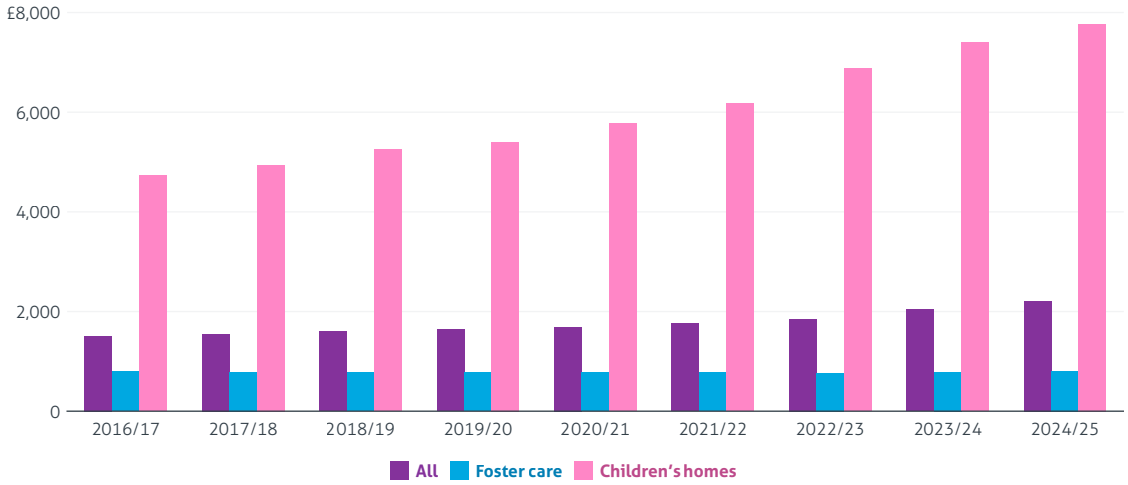
The government has accused some private providers of "profiteering"[27] after the CMA estimated that between 2016 and 2020, the 15 largest private fostering providers had average profit margins of 19.4%, and found "indicative evidence that local authorities could provide some placements more cheaply than purchasing from [independent fostering agencies]".[28] DfE analysis suggests that placements involving agencies cost local authorities £55,800 a year, £22,100 more than local authority provision.[*,29] The CMA found similar profit margins among children's home providers (22.6%),[30] but, despite these profit levels, no evidence that other providers could deliver services more cheaply.

The care market's reliance on private equity-backed providers has also drawn concern from the Public Accounts Committee (PAC), NAO, and CMA.[31] These providers now supply nearly a quarter (23%) of fostering places in England[32] and account for seven of the 10 largest providers of children's homes.[33] While this indicates that the sector is lucrative for investors, the primary concern raised by the CMA is not the cost, but the very high levels of debt that some of these firms carry. This heightens the risk of sudden exits from the market, which would leave the children in their care in incredibly precarious positions while councils scrambled to find alternative placements.

Another key driver of rising care costs is the growing reliance on the more expensive residential care. As discussed above, this shift reflects both changes in the needs of the care population and a persistent shortage of foster carers. In 2024/25, the average placement in a children's home cost £7,800 a week, or £404,000 a year (in 2026/27 prices). By contrast, foster care averaged £805 a week, or £42,000 annually – nearly 10 times less.

* Adjusted to 2026/27 prices.

Figure 23 **Weekly unit costs of placements for children in care, by placement type, 2016/17–2024/25 (2026/27 prices)**



Source:Institute for Government analysis of DfE, 'Local Authority Interactive Tool (LAIT)', 2026. Notes:Analysis covers England only. The unit cost of children's homes only includes spending on voluntary sector and registered children's homes.

But the rising cost of care is not just about the growing use of children's homes – the price of those placements has also surged. While the unit cost of foster care has stayed relatively stable (+2%) in real terms since 2016/17,* the unit cost of children's homes is now nearly two thirds (64%) higher.

Some of this surge in prices likely reflects the increasing complexity of some children's needs and the specialist support this requires. Equally, changes to the National Living Wage, which rose faster than inflation for much of the past decade,[34] have also exerted upward pressure on residential care prices and will continue to do so.[35] The sector is marked by a reliance on low-paid and agency staff,[36] both of which make it particularly vulnerable to rising labour costs. And placing children further and further afield often brings additional administrative costs to councils, including increased social worker travel.[37]

While these cost pressures have played a role in recent price growth, it also reflects the deeper dysfunction in the care market we outlined earlier. Limited provision for children with the most complex needs leaves local authorities competing with each other for scarce placements, with little bargaining power over the price they pay. Inefficient commissioning practices often compound the problem, with placements frequently spot-purchased rather than secured through longer term contracts with providers. In this environment, children's home providers can set their own prices, and in this regard the CMA concluded in 2022 that prices and profits were "materially higher... than we would expect if this market were functioning effectively".[38]

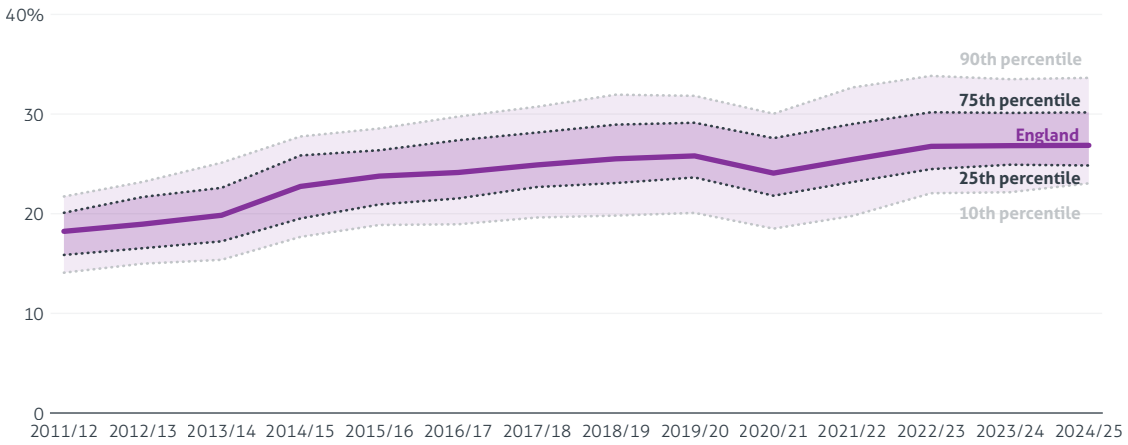
According to a Local Government Association survey, the number of placements costing more than £10,000 a week rose from 120 to 1,510 between 2018/19 and 2022/23.[39] Ofsted's chief inspector, Sir Martyn Oliver, has linked some of these "exorbitant fees" to unregistered – and therefore unlawful – children's homes.[40]

* The earliest year for which the data on the unit costs of residential care is available.

Recent Institute for Government research has highlighted the dramatic variation across England in per-capita spending on care – with some local authorities spending three and a half times more per child in care than others.[41] Accounting for differences in property and labour costs, which inevitably make care more expensive in some parts of England than others, narrows this gulf only slightly.[42] Our analysis shows that some of the remaining gap can be explained by differences in local authorities' reliance on residential and private placements, aligning with the cost pressures we discussed above.* Local authorities with higher per-capita costs of care tend to rely more on both private provision and residential care.

The sheer scale of these pressures has led the DfE to conclude that children's social care is "financially unsustainable".[43] And crucially, councils must confront this reality using a smaller pool of resources than they had in 2010. After deep cuts to council budgets at the start of that decade, core spending power in 2024/25 was 13.5% lower in real terms than it was 2010/11.[44] Children's social care is therefore eating up an ever larger slice of councils' budgets, rising from 18% of spending in 2011/12 to 27% in 2024/25, with the share rising in all but three councils across England.** It is now the biggest financial pressure that most local authorities face,[45] putting some at risk of insolvency.[46]

Figure 24 **Local authority spending going to children's social care, by local authority, 2011/12–2024/25**



Source:Institute for Government analysis of MHCLG, 'Local authority revenue outturns', 2011/12–2024/25.
Notes:Local authority spending is net current expenditure on highways and transport services, adult and children's social care, housing services (General Fund Revenue Account only), cultural and related services, environmental and regulatory services, planning and development services, central services and other services. This excludes spending on education, public health, police and fire services and spending from the Better Care Fund – areas where funding is essentially ring-fenced. The analysis shows upper-tier local authorities in England only. The City of London, the Isles of Scilly and Rutland are excluded from calculations of the percentiles, as are local authorities that underwent a reorganisation during the period under analysis.

* This regression also controlled for proxies for the complexity of the needs of children in care, which all had effects on per-capita care spending that were statistically indistinguishable from zero, and the rate of children in care, which showed that areas with lower rates tended to have higher per-capita costs – for more details, see Dellar A, *Performance Tracker 2025*, 'Children's social care', Institute for Government, 15 October 2025, retrieved 18 March 2026, www.instituteforgovernment.org.uk/publication/performance-tracker-2025/local-services/children-social-care

** All but three of the 133 councils for which we have data over this time period.

4. Recommendations

There is a profound mismatch between the supply of care placements for children and demand for them. As a result, some children go without appropriate care, quality varies sharply by postcode and the system has become financially unsustainable.

With limited power to shape the market, councils must contend with some providers opening in unsuitable areas, delivering unlawful care that councils feel they have limited choice but to use, and setting excessive prices.

But local authorities could do more to close the gap, by:

- developing better forecasting capability
- investing in prevention
- providing foster carers with a more comprehensive support offer
- investing more in their own provision.

These actions require upfront (and, in most cases, ongoing) investment, which is incredibly difficult for councils to scrape together, given the deep cuts made to their funding since 2010.

The government's children's social care reforms,[1] announced at the end of 2024 and informed by recommendations from the CMA and the Independent Review of Children's Social Care,[2] set out a clear and ambitious vision for reform, backed by relatively generous funding.[3] Its emphasis on early intervention is particularly welcome.

However, the proposals stop short of taking an integrated approach to delivering children's social care, with input from other local public services such as health and justice. But that is precisely what is required to support children at the sharpest end of the broken care market, who often have multiple and overlapping needs. The government must also address system-wide barriers – including gaps in key data and a lack of workforce capacity – that risk undermining the delivery of its vision.

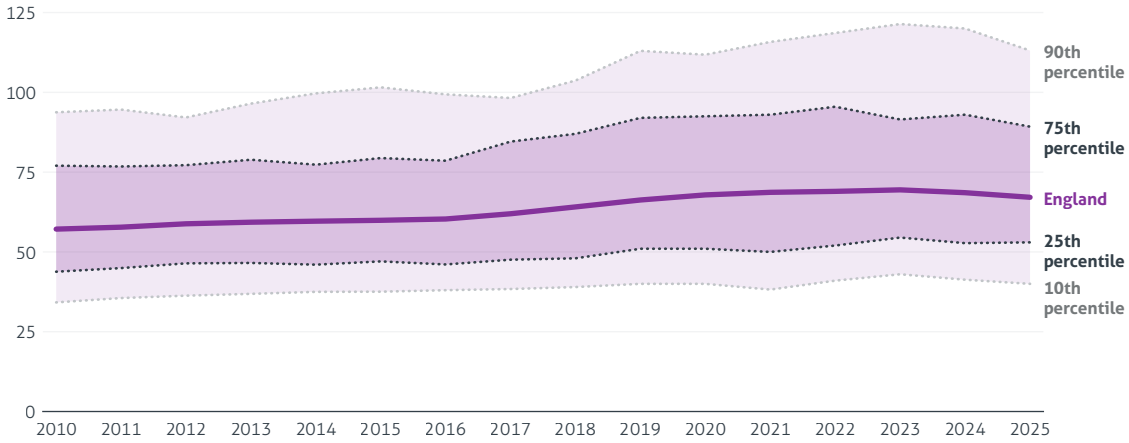
In this final section we set out the implications of our findings and 10 recommendations for the government as it delivers children's social care reform.

Shaping the demand for care placements

Limited capacity, data and political will leaves local authorities unable to forecast demand

Forecasts of local demand are absolutely vital because demand is unevenly distributed across England – and these gaps are widening. In 2010, the local authority with the highest rate of children in care (Manchester, at 149 children per 10,000) had 127 more children in care per 10,000 than the area with the lowest (Wokingham, at 22 per 10,000).*,[4] By 2025, the gap had grown to 157.[5] Nearly 2% of children, or nearly 200 in 10,000, are in care in Blackpool (184) and Stoke-on-Trent (170), two of the most deprived areas in England. Children in these areas are six times more likely to be in care than those in the much less deprived London borough of Richmond, for example.

Figure 25 **Children in care per 10,000 children, by local authority, 2010–25**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2010–25 and ONS, 'Estimates of the population for the UK, England, Wales, Scotland, and Northern Ireland', 2010–25.
Notes: Analysis covers England only. Data on children in care is as at 31 March each year; population estimates are for the middle of the year. The City of London, the Isles of Scilly and Rutland are excluded due to their small care population sizes.

Beyond differences in the rates of children in care, there are also striking differences in the needs of these children across England. For example, 51% of children in the care of Kensington and Chelsea in 2025 were over the age of 16, compared to just 16% of those in the care of Shropshire and Stoke-on-Trent.[6] This has a material effect on the type of provision required, from foster carers willing to care for older children to supported accommodation that allows greater independence.

While this variation heightens the need for local forecasting, cuts to local government spending power since the 2010s, paired with rising demand, have left many councils little bandwidth for forward planning.[7] Those cuts necessitated a drastic slimming down of the local government workforce, which fell by 27% between December 2010 and December 2025.[8] Given the need to protect spending on statutory responsibilities such as the provision of adult and children's social care, staff cuts likely fell disproportionately on back-office staff, contributing to weaknesses in analytical capacity.[9] This has been exacerbated by ministers repeatedly characterising the use of such staff as wasteful.[10]

* These figures represent the rate of children from, for example, Manchester who are in care; it does not necessarily reflect the location of their care placement.

As a result, many local authorities appear to lack the data skills needed for effective planning. What Works for Children's Social Care found in 2022 that "most employed a very basic analysis of less than five data points" and could not "reliably assess the statistical features of the forecasting estimates".[11] Strong local authority leadership is often key in ensuring that councils embrace data-driven decision making, because otherwise there would be little to no drive to make the necessary investments.[12] In other words, where pockets of good practice exist, it is normally despite the system rather than because of it.

In addition to this lack of capacity, some aspects of demand are just particularly tricky to forecast. Few children require certain kinds of specialist care at a local authority level, making projections highly volatile. Local authorities also report particular difficulty planning for UASC, where arrivals are often unpredictable.[13]

Research from Ofsted in 2022 found that only a few local authorities predicted future activity using data on children at the edge of care.[14] Other authorities use data on previous and current needs, and some just look at general population projections.[15] This failure to plan ahead can force local authorities to resort to more expensive spot-purchasing, and can leave children without the care they need. Moreover, reports commissioned by the Independent Children's Home Association warn that, without improvement in local authority forecasting, providers will continue investing based on their own market assessments.[16] This could perpetuate shortages of local placements as providers continue to meet national rather than local demand.

In response to these challenges, the government has announced plans to set up regional care co-operatives (RCCs), which will plan and commission children's social care at a regional level. RCCs are intended to take on many forecasting responsibilities[17] through a dedicated forecasting function. This could build expertise in data analysis, while a regional approach may help smooth some volatility in projections. Two pilots – in Greater Manchester and the South East – were launched in April and June 2025 to test the model and build the evidence base.[18] And in March of this year, the DfE invited applications for up to six more RCCs, aiming for them to become fully operational by March 2028.[19]

For RCCs to succeed in building robust forecasting capabilities, we recommend various government actions.

Recommendation 1: The government should ensure that regional care co-operatives have the funding, analytical capacity and data they need to forecast demand for children's social care well.

Without sufficient funding and analytical capacity, RCCs risk replicating local authorities' reactive approach, where immediate pressures – such as spot-purchasing placements for children who urgently need a home – crowd out forecasting. Senior political leaders in constituent local authorities should ensure that there is sufficient analytical capacity in RCCs. This is particularly important given that the government's

six new RCCs are expected to become "financially self-sufficient" by March 2028, presumably meaning they will have to rely on contributions from member local authorities rather than on dedicated central government funding.[20] In this context, there is a clear risk that analytical functions are again deprioritised, especially where individual councils are able to free ride on the contributions of others.

It is unclear whether the government's reforms will tackle data issues that currently hold back local authority forecasting. For example, the latest available data on siblings in care is from 2016.[21] As the children's commissioner wrote in 2023:

> **"At the most basic level... nobody knows how many siblings there are in care, let alone whether they are living together or not. While local areas may collect this information themselves, it is not done so in a systematic way. This means that understanding the demand for the number or type of sibling placements needed is very challenging."[22]**

Beyond these specific gaps, there are more fundamental problems with how demand itself is measured. Research commissioned by the DfE in 2024 found that much of the data used for demand forecasting does not capture underlying demand or placement suitability – it just records the placements that happen to be made.[23]

Compounding this issue, the CMA identified in 2022 "a lack of consistency in how local authorities record children's needs".[24] While setting up RCCs, alongside the development of a national framework for children's social care, is likely to encourage the standardisation of this data, these inconsistencies will present challenges for demand projections that draw on historical trends.

Perhaps the most fundamental data challenge, however, is the need for information from other government agencies. As this report and previous Institute for Government research[25] have shown, some of the most acute demand for care placements arises when children 'fall through the gaps' in other public services. This includes children who have no recourse to public funds for a long time because of immigration backlogs, children facing exceptionally long waits for mental health support and children unable to access special educational needs support whose needs then escalate.[26] Because their primary needs often fall outside of the remit of children's social care, local authorities often struggle to anticipate their demand, leading to expensive emergency placements when these children present at crisis point.[27]

Data on UASC is also key, especially because they have made up much of the recent increase in the care population. It makes most sense for central government to provide this data, as it holds the relevant policy levers and technical expertise.

It is absolutely vital, therefore, that whichever body is responsible for forecasting demand for children's social care, it has access to relevant data from across government. The planned introduction of a single unique identifier for children – intended to make it easier for the multitude of services interacting with children to share information – is a promising development in this space.[28]

But forthcoming Institute for Government research highlights many additional barriers to place-based data sharing that will need to be addressed if this policy is to succeed.[29]

Recommendation 2: The government should ensure that regional analysis of demand retains granular insights.

The government should ensure that regional analysis of demand does not come at the expense of granular insights, particularly in areas with diverse needs. For example, Manchester, one of the most deprived local authority areas in England, borders Trafford, which sits in the bottom fifth of deprivation.[30] These neighbouring areas are likely to face different pressures on their children's social care services, and those differences must not be overlooked.

It is also important that any nuanced, place-based understanding of need that individual councils currently hold – including knowledge of specific individuals, families and patterns of demand – is not diluted or lost as responsibilities transition to RCCs. This challenge is also likely to persist past the transition, as much of councils' knowledge is developed through close contact with families.

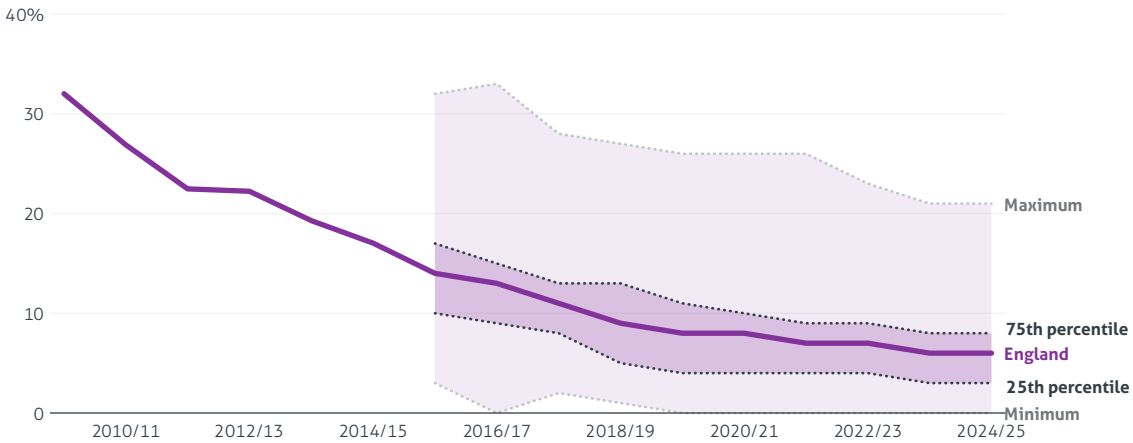
The government must create the conditions to turn prevention from theory into practice

To be able to shape demand, local authorities need to be able to take action on the demand that they have projected. This may come in the form of targeted interventions – for example, providing wraparound family support for families with children on the edge of care – or more universal, upstream interventions, such as running children's centres that provide services for play, learning and childcare. But the same financial pressures that have crowded out spending on analytical capacity have also led to local authorities cutting these preventative services, where spending is more discretionary.[31]

It is notoriously difficult to define prevention.[32] In children's services we classify spending on children's centres, children under the age of five and services for young people as preventative as these services reduce the likelihood or severity of acute demand. In 2009/10, this preventative spending constituted 32% of local authority spending on children's services.*[33] By 2024/25, it had dropped to 6%.[34]

* Children's social care is a subset of the wider children's services category, which also includes services such as children's centres and youth justice.

Figure 26 **Children's services' spending on prevention, by local authority, 2009/10–2024/25**



Source:Institute for Government analysis of DfE, 'Section 251 outturns, 2009/10–2024/25'. Notes:Preventative spending is categorised as net current expenditure on children's centres, children under the age of five and services for young people. This data is not available at a local authority level between 2012/13 and 2015/16. Data was published between 2009/10 and 2011/12 but the spending classifications are not comparable with more recent data. Analysis covers England only.

In 2024/25, the London boroughs of Islington and Camden allocated a respective 21% and 20% of their children's services' spending to prevention – 3–4ppts more than any other local authority and 14–15ppts more than the national level.[35] These councils have also consistently spent the most money per child on preventative children's services over the past decade – £510 and £540 respectively in 2024/25 (2026/27 prices). This is significantly higher than in most other local authorities – Hackney was the only other council to spend more than £300 per child in 2024/25, while the national figure was £75.[36]

Both Islington and Camden have prioritised prevention but also have among the highest per-capita spending powers, giving them the financial and political room to do so.[37] As with analytical capacity, this pocket of good practice exists despite the system rather than because of it. Most councils have much less, if any, headroom after meeting their statutory duties, and many have not taken the political decision to protect preventative services.[38]

Yet greater investment in prevention would likely ease long-term pressures on local authorities, while improving outcomes for children. Research from Sheffield University suggests that investing in preventative children's services may* reduce rates of children in care.[39] And the fiscal case for the Supporting Families programme** estimates that the government spent eight times as much delivering reactive services to vulnerable families than it did on targeted, early interventions in the early 2010s.[40] Since launching in 2011, this programme, which provides targeted and holistic support to vulnerable families, has delivered measurable returns. An evaluation of its second phase found that every £1 the government invested generated £1.51 of savings.[41]

* It is difficult to separate the effects of preventative spending on acute demand from the effects of acute demand on preventative spending – it is, by nature, a vicious cycle.

** The Supporting Families programme was known as the Troubled Families programme until 2021.

There is also evidence of enduring positive outcomes from the Supporting Families programme: children who took part in it were 38% less likely to have received custodial sentences within the first year of joining, and a third less likely to be in care two years after joining.[42] Sure Start centres – launched in 1999 to provide a range of services to children under the age of five – have also been linked to positive outcomes, such as improved parenting[43] and fewer hospitalisations after the age of five.[44]

Indeed, Islington and Camden stand somewhat apart from the national trend in demand for care. While the number of children in care across England has increased by 10 children per 10,000 since 2010, in these two London boroughs the level of children in care declined by 15 and 10 per 10,000 respectively – larger decreases than in 80% of councils.[45]

In recognition of this, the government's children's social care reform agenda places prevention front and centre, with a vision that "wherever possible, children should remain with their families and be safely prevented from entering the care system".[46] Many of these reforms are being delivered through the Families First Partnership programme, including changes to early help informed by the Supporting Families programme, the creation of new multi-agency child protection teams and earlier involvement of the wider family in decision making.[47]

The programme is backed by £2.4bn (in cash terms) up to 2028/29,[48] which includes a new ring-fenced grant for prevention in children's services of £270million a year.[49] For comparison, local authorities spent roughly £884m on preventative children's services in 2024/25 (in 2026/27 prices).[50]

It is welcome that the government is seeking to prioritise prevention, but for its efforts to succeed we recommend that:

Recommendation 3: The government should clearly define preventative spending, prioritise it at every level of government and ensure it is not siloed.

The government's current ring-fenced grant for prevention is set out in vague terms, with the grant earmarked for spending on "early help, Family Help, Family Networks and child protection".[51] While it is important to ensure that local authorities have enough discretion in allocating the grant, there is also a risk that it will be eaten up by acute demand if not properly specified.[52] The inclusion of 'child protection' – an acute and demand-led service – in the definition of preventative spending heightens this risk.

Strong and sustained prioritisation was critical to the success of the Supporting Families and Sure Start programmes, as well as local initiatives in Camden and Islington. While central government has made important progress in signalling its commitment to prevention, it must also ensure that local leaders do the same, so that prevention is prioritised at all levels of government.

The severe financial pressures that local governments face make the active protection of preventative services all the more necessary.

A prevention grant for children's services alone cannot tackle the cross-service 'spillovers' contributing to rising complexity among the care population. A more effective approach, as set out in recent Institute for Government research,[53] would be to provide local authorities with a single prevention grant for *all* local services, protected by a clearly defined ring-fence, so that preventative spending is not siloed. This would enable councils to focus on the causes of family breakdown, many of which lie outside of children's services.

Recommendation 4: The government should improve the availability and quality of data on preventative children's services.

Previous Institute for Government research found that poor-quality data hinders both local and central government's ability to intervene in an evidence-based way.[54] One concrete example is data on the workforce delivering preventative children's services. The new focus on prevention will place greater demands on this group of staff, but little is known about their capacity, with no routinely published data on early help and family support staff. It is therefore unclear whether that part of the system needs support to deliver the government's reforms, and if so, what that support should entail.

The government should conduct an audit into missing, incomplete or redundant data, in light of the needs of a diverse set of stakeholders. This would allow it to use data more effectively in its reform of the children's social care system.

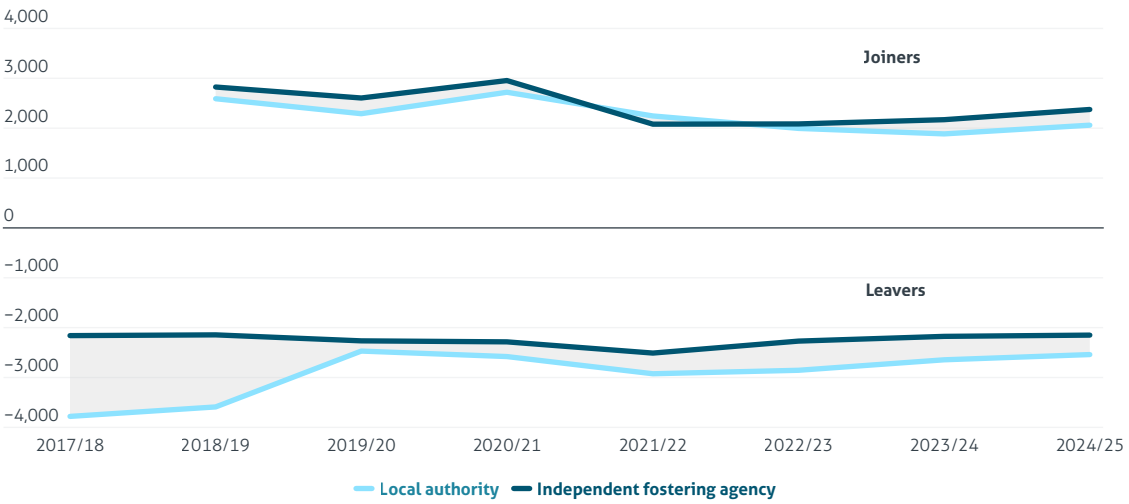
Shaping the supply of care placements

The government must ensure its fostering reforms are resourced, transparent and targeted

As this report has shown, a shortage of foster carers – both in number and in particular skillsets – is forcing children into unsuitable residential placements. In many cases, foster care would better meet their needs, keep them closer to home and reduce the use of unregistered placements, all while costing local authorities less. The Fostering Network estimated in 2025 that an additional 5,000 foster families were needed in England to meet demand.[55]

Fostering services nationwide are facing some common pressures in recruiting and retaining foster carers. These include fostering becoming harder to afford, and adult children increasingly living with their parents, filling spare rooms.[56] But local authorities are struggling more than IFAs. As the below figure shows, they lag behind in both recruitment and retention, fuelling the market's increasing reliance on independent agencies.

Figure 27 **Mainstream foster carer joiners and leavers, by type, 2017/18–2024/25**



Source:Institute for Government analysis of Ofsted, 'Fostering in England', 2018–25. Notes:Mainstream foster carers look after children they do not already know. The number of joiners minus the number of leavers does not equal the net gain of mainstream foster carers in any given year – some carers leave and join within the same year. Joiners were not broken down by type in a comparable way prior to 2018/19. Analysis covers England only.

One key reason for this, as identified by the DfE, is likely that IFAs tend to offer more generous and uniform support – both financial and otherwise – to foster carers than local authorities do.[57] There is a limited understanding of why foster carers are leaving the system because Ofsted does not publish data on the reasons for deregistration. But research from the University of York highlights the importance of regular contact with social workers, training and adequate remuneration in retaining foster carers.[58] On the recruitment side, poor co-ordination between local authorities can confuse potential foster carers and create competition between councils.[59]

In February of this year, the government released a fostering action plan aiming to tackle the shortage.[60] This includes a target to grow the number of local authority and voluntary sector foster places by 10,000 by 2029 – an increase* on the 400 new fostering households pledged in the 2025 spring statement, which we noted in 2025 was far from enough to address the gap.[61] This policy statement sets out the government's plans to, among other things:

- launch a national communications campaign to attract potential foster carers and provide clear guidance on the system and applications process
- speed up the foster carer recruitment process and work with local areas to improve monitoring of that process
- pilot an enhanced training and support offer for foster carers, from 2027/28
- provide up to £25m (in cash terms) in capital funding over two years to help local authority foster carers create additional space in their homes.

* This new target will almost certainly represent an increase on the earlier pledge. But as outlined below, the government has yet to explain exactly what baseline it will use to measure progress towards the new 10,000 target, meaning we cannot be sure about the scale of the increase.

Many of these are positive – and much-needed – developments that address key issues facing the fostering system. For example, the national communications campaign should reduce competition among councils and confusion among potential foster carers, the enhanced training and support offer may help boost retention and the capital funding plans will start to tackle underlying barriers around space in people's homes.

The government opened a consultation[62] and a call for evidence[63] to further shape the detail of the reforms. As its plans develop, it should consider:

Recommendation 5: The government should identify and address shortages in specific types of foster placement and tackle the financial barriers to becoming a foster carer.

As discussed above, there are gaps in foster provision for particular groups of children, as well as an overall shortage of foster carers. Although the government is planning measures such as capital grant funding, which it hopes will increase placements with room to accommodate siblings, a clearer, more systematic understanding of these specific shortages will be needed to align supply with demand.

In 2025, the House of Commons Public Accounts Committee warned that the DfE had not set out how it would address the financial barriers to becoming a foster carer.[64] The fostering action plan, published since then, does not shed much light on the issue. It encourages local authorities to strengthen the financial incentives they have developed locally, such as council tax discounts and free parking permits, without setting any national direction or providing any additional funding to support this. With councils under severe financial pressure and prioritising acute services, the government will need to do more if it wishes to address these barriers to foster care recruitment and retention.

Recommendation 6: The government should make clear what baseline it will use to measure progress on its target for 10,000 more foster places.

The action plan states that progress will be measured against the government's forecast of the extent to which fostering capacity would decline by 2029 without intervention. But it has not made this forecast publicly available, leaving it unclear what the government's ambitions are and their likely impact on the shortage of foster carers.

The government must articulate a clearer, more ambitious vision for the commissioning of children's care, with stronger accountability for delivery

Local authorities are subject to a sufficiency duty, which requires them to ensure, so far as is reasonably practicable, that they can provide accommodation within their areas that meets children's needs.[65] But as this report has shown, local authorities struggle to shape their local supply of placements, with children's homes often not located where there is demand, and providers able to set their own prices. This lack of leverage over the market stems from:

- **Limited data on the market.** Local authorities often lack sufficient, up-to-date detail on providers' eligibility criteria, placement availability and the type of care offered.[*,66] As research commissioned by the DfE in 2024 found:

  > **"Knowing which placement might be suitable for a given child is difficult. Finding out which among those might have a placement available can be extremely time-consuming. Many [local authorities] mention sometimes sending out mass emails because they are desperate to find a placement for a child and lack an effective way to make targeted outreach."[67]**

  Local authorities also often do not understand neighbouring areas' demands on shared suppliers, which they need to do to accurately identify gaps in supply, and many also have a limited understanding of how much placements should cost.[68] Without this data, local authorities struggle to communicate these gaps to the market, or even to decision makers within their own local authority, such as finance directors and elected members.

- **Limited ability to analyse data on the market.** Where this data on the market does exist, it is often not easily connected to data relating to children in care, meaning it is not easy to see where demand does not match with supply.[69] And the cuts to back-office functions that have affected demand forecasting have also affected activity across commissioning and market shaping.[70]

- **Lack of incentives for private providers to meet local demand.** As the PAC reported earlier this year: "There are no incentives to help prioritise homes where they are most needed."[71] Some private providers instead respond to national demand and invest in new capacity where it is most commercially viable.

- **Barriers to market entry.** The upfront capital costs of acquiring and developing properties for new residential care can be prohibitive for local authorities, which may struggle to get enough capital funding.[72] Even where funding is available, local community pushback can make it difficult for providers of any type to secure planning permission for new homes, and the planning process itself can be lengthy and costly.[73] New homes must also be registered with Ofsted, which can take several months.[74]

* Although providers share some information about the type of care they offer when registering with Ofsted, this data is not required to be kept up to date, reducing its usefulness for effective planning.

- **Staff shortages.** The NAO has identified shortages of qualified staff as a key constraint on the availability of places in children's homes,[75] with care staff sometimes leaving for higher-paid roles elsewhere that offer a better work–life balance.[76]

The DfE is seeking to address these problems primarily through setting up RCCs, which, as well as their dedicated forecasting function, are intended to commission children's care. Evidence suggests that collaborative commissioning can strengthen local authorities' bargaining power,[77] helping to secure fairer pricing and shape the market to meet local needs.

To support the creation of new residential care places, the DfE has said it is "working with [Ministry of Housing, Communities and Local Government] colleagues on ensuring that there are not barriers in the planning system".[78] Ofsted has also begun prioritising registration applications in areas where homes are most needed – although, as discussed above, it is not always clear from the available data where supply falls short of demand.[79]

In parallel, the government is introducing new market management measures in the Children's Wellbeing and Schools Bill now progressing through parliament. These include steps to improve cost and price transparency, establish a statutory financial oversight scheme for the most 'difficult to replace' providers to mitigate the risks of sudden market exits, and introduce profit caps on private providers if necessary.*[80]

To maximise the chances of success in its reform plans, we recommend that:

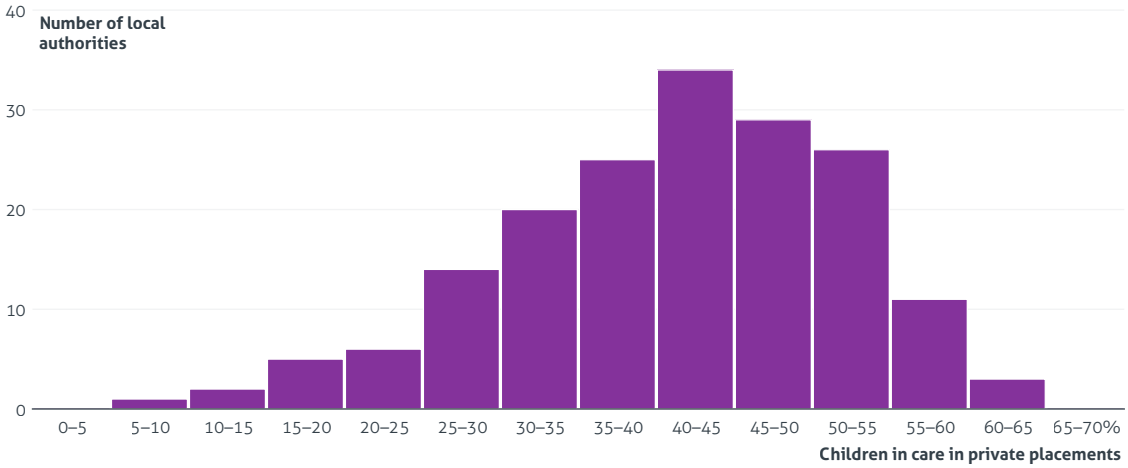
Recommendation 7: The government should clarify the structure of its desired care market, as the National Audit Office has recommended.

While the government recognises an ongoing role for private providers in supplying care, it has also suggested that reliance on them must fall. As the NAO wrote in 2025: "Its vision for the mix of providers in the desired market is unclear."[81]

As things stand, councils across England vary widely in their reliance on privately provided care placements. In 2025, a fifth (21%) of local authorities placed more than half of children in their care in private provision.[82] In Hounslow, the area most reliant on private provision, that figure was 63%. But only 6% of those from North Yorkshire were placed privately. Local areas will need more direction from central government if they are to change the mix of their provision in a co-ordinated way.

* The financial oversight scheme and the profit cap (if implemented) will apply to independent fostering agencies, supported accommodation providers and children's home providers.

Figure 28 **Distribution of children in care in privately provided placements, by local authority, 2025**



Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025.
Notes: Analysis covers England only, excludes children looked after under a series of short-term placements, and data is as at 31 March 2025. The City of London, the Isles of Scilly and Rutland are excluded due to having small care population sizes.

The government also needs a clear market vision so it can make more informed policy decisions. For example, if local authorities are to establish many more children's homes, they will need sufficient increases in capital funding. The previous government's ban on unregistered care homes, and the fact they continue to be widely used, shows the perils of limiting which care placements councils can use without enough investment in alternatives.[83] But without a clear understanding of the desired endpoint of the current government's reforms, it cannot know how much funding is required.

Take the government's announcement in autumn 2024 that it would provide £90m (in cash terms) to support the creation of up to 630 additional, council-run children's home places.[*,84] If delivered in full, this would increase the number of active council-run children's home places by a quarter (26%) compared to March 2025.[85] But private providers added nearly twice as many places (1,200) last year alone. And even if councils were the only providers to expand their supply of children's home places, their share would only rise from 16% to 19% with the additional 630 places, leaving private providers to run nearly three quarters (73%).

If local authorities are to start running many more children's homes, they will also need more certainty in their capital funding to let them plan ahead. As the PAC highlighted in 2025, local authorities do not currently receive reliable capital funding to invest in the building and maintenance of their own provision,[86] with much of the DfE's support coming in the form of targeted, time-limited, discretionary grants.

* The government has also separately announced £560m (in cash terms) to refurbish and expand children's homes and foster care placements.

Equally, if the structure of the market is to stay much as it is, the government will need to carefully consider the extent to which private providers are incentivised to create capacity in the locations where it is most needed. While the introduction of RCCs will afford local areas some more leverage over the market, it is less clear how they will address barriers relating to property prices, which vary significantly at a regional level and continue to affect the profitability of providing homes in different parts of England.[87]

The government will also need to assess whether, in the absence of an expansion in public or voluntary provision, RCCs will have enough leverage over market pricing. Existing cross-council frameworks on residential care have often proved ineffective in this regard, with private providers withdrawing after disagreements about pricing and instead offering member councils placements through spot contracts.[88] The government's new measures on price transparency will help to improve oversight and inform negotiations, but they may not fundamentally alter the bargaining dynamic if the social care market is – as some local authorities suggest[89] – a seller's market, where high prices largely reflect a scarce supply of placements.

Recommendation 8: The government should develop a clear plan to ensure there is enough workforce capacity to deliver its reforms.

The NAO reported that the DfE "believes it has few levers to influence the size or quality of the residential care workforce" because providers are responsible for recruitment, pay and conditions.[90] Recognising that it sets the legal and regulatory framework within which providers operate, the DfE has committed to developing standards for residential care staff as well as reviewing training and qualification requirements, by 2028/29.[91] But it has not explained how it could support providers to address workforce gaps, and has limited evidence on what works.[92] Children's homes employ staff from many specialisms, including mental health practitioners, so the DfE will need to work with other arms of central government to ensure there is enough workforce capacity.

Recommendation 9: The government should provide incentives and funding structures that enable better co-ordination of support for vulnerable children.

Much of the rise in demand for the most specialist placements has come from a reduced use of wider settings, such as inpatient child mental health beds – which fell by a fifth between 2017 and 2022[93] – and youth offender institutions that accommodate children in custody.[94]

As a result, in 2022, Ofsted recommended better join-up across health services, justice and social care, writing that "national policy changes, such as those in mental health care for children, have had a large impact on sufficiency".[95] Despite this, the NAO found

that, in 2025, the DfE had no joint initiatives with health or justice partners, such as joint capital funding bids.[96]

While the government has since outlined its expectations that RCCs "establish collaborative relationships with ICBs and other partners such as police forces and youth justice boards", it has done little to ensure that bodies have the incentives and funding structures to work in this way[*,97] We echo the children's commissioner's warning that siloed regional arrangements risk reproducing the same issues of poor public service co-ordination:

> **"We should be much more ambitious than the current regional care co-operatives... there needs to be joint funding pots and shared accountability among local authorities, health, justice and, sometimes, education as well, if specialist residential care is needed."**[98]

For example, one council official has told us that appointing a single officer to oversee both the local authority's children's budget and that of the local NHS integrated care system improved co-ordination in the area.[99] Previous Institute for Government research sets out the benefits of, and barriers to, similar approaches.[100]

Recommendation 10: The government should ensure that accountability for commissioning children's social care sits with the appropriate bodies, supported by robust data.

In March 2026, the DfE confirmed that the sufficiency duty will remain with local authorities, even as RCCs take on responsibility for commissioning support for children in care.[101]

This creates a concerning misalignment between powers and accountability. Notably, in its two ongoing pilots, the DfE did not test a model in which RCCs discharge councils' sufficiency duty, after councils raised concerns about remaining legally accountable if a suitable placement could not be found for a child.[102]

Any move to make RCCs responsible for commissioning children's social care should be matched by clear accountability arrangements. If RCCs assume a central role in securing provision – as the government's recent announcement suggests they will – local authorities should not continue to be held to account for a sufficiency duty that they no longer have the power to discharge. Clear lines of responsibility will be essential to avoid creating an adversarial system and support effective collaboration

* The DfE has, to its credit, set out some criteria for the alignment of RCC boundaries with wider public service footprints – something the Institute for Government has previously highlighted as critical to cross-agency working. See Hoddinott S, *Devolution, integration, prevention: Do the government's public service reform plans add up?*, Institute for Government, 27 March 2026, retrieved 20 April 2026, www.instituteforgovernment.org.uk/publication/governments-public-service-reform-plans

in improving the adequacy of local provision.* At present, Ofsted does not have powers to inspect RCCs and has told the PAC that the current proposals risk creating gaps in oversight.[103]

Whichever body holds the sufficiency duty, it must be possible to assess whether that duty is being met. At present, transparency and data limitations make this difficult. Local authorities are required to produce 'sufficiency strategies', outlining how they will meet children's needs with regard to the quality, location and type of provision.[104] Yet there is no central record of which authorities have an up-to-date strategy; and establishing this requires trawling individual council websites or submitting Freedom of Information requests. What Works for Children's Social Care found that, in 2022, almost half of local authorities did not have a publicly available or up-to-date sufficiency strategy.[105]

Similarly, data published by the DfE does not distinguish between children placed in distant or residential placements for a specific purpose and children in these placements due to a lack of suitable alternatives. This makes evaluating the efficacy of sufficiency strategies very difficult.

The government should therefore improve the transparency and consistency of sufficiency reporting, including maintaining a central, up-to-date record of strategies and publishing data that enables meaningful assessment of whether placement decisions reflect need or shortages.

In particular, if commissioning is undertaken at a regional level, the larger operational footprint could increase the likelihood that children are placed further from home, even where remaining close to family, community and support networks would be in their best interests. The government should explicitly test the impact of regional commissioning on placement distances during the roll-out phase of its six new RCCs and take any necessary corrective action.

Transparency gaps are not confined to strategic planning. They also affect the oversight of individual placements. While many local authorities voluntarily notify Ofsted when placing a child in an unregistered home,[106] reporting is not required, even though such placements are unlawful. The government does not address this transparency gap in its reforms. Instead, it plans to grant Ofsted the power to issue civil penalties against providers of unregistered settings[107] – a step that seems premature when providers may remain hidden from the inspectorate. Without mandatory reporting, the government will also have limited oversight over how much progress is being made in reducing the use of these settings.

* The PAC found that in the special educational needs and disabilities system, for example, "a mismatch between local authority responsibilities and powers negatively impacts the adequacy of [provision]" and "has resulted in a costly and adversarial system". See House of Commons Education Committee, *Solving the SEND Crisis: Fifth report of session 2024–2025*, HC 492, Parliament.UK, 2025, retrieved 13 April 2026, https://committees.parliament.uk/publications/49536/documents/265373/default

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About the author

Amber Dellar

Amber is a researcher on the Institute's public services team. She has a BA in politics, philosophy and economics. After graduating, she worked as a researcher at the Centre for Public Data. She has also worked at xantura, a tech company that uses local government data to prevent social problems.

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enquiries@instituteforgovernment.org.uk

+44 (0) 20 7747 0400

@ instituteforgovernment.org.uk

Institute for Government, 2 Carlton Gardens
London SW1Y 5AA, United Kingdom