

Children's services and special education market grows under pressure of demand

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The fourth edition of LaingBuisson's Children's Services UK Market Report has been published today.

This comprehensive report covers special education, foster care, adoption, children's residential care, leaving care, safeguarding, guardianship and other services. It estimates the market for social care services for children and young people and special education services in the UK to be worth £15.38 billion in calendar 2018.

As of 31 March 2018, LaingBuisson estimates that 95,855 children were being looked after in care in the UK. This represents growth of 9% in the past 5 years, and 28% in the past 10, with many children and young people presenting with complex and multi-layered needs. This increase in demand came at a time when local authorities were asked by central government to constrain budgets to reduce public sector debt, meaning that increases in spending to meet rising children's care and special education demand have come at the expense of other services for children and young people, and other council services.

The main sectors of children's and young people's services in which the independent sector is active are special education, residential care and fostering. In March 2019, there were 499 special schools and 106 special colleges operated by the independent sector in England, and an average of 20-25 new school developments have been registered in both 2018 and 2017. The main driver for this is the prevalence of children with EHC (Education, Health and Care) Plans or Statements, estimated at 2.9% of pupils in England as of January 2018. Children's care providers have also responded to the growing need for joined up care, therapy and education.

The number of children in foster care has risen by 8% in the past five years. One-third are placed by independent fostering agencies. The Government has plans to get local authorities and the independent sector working collaboratively to ensure sufficient high-quality fostering placements, for example by providing seed funding for joint recruitment drives.

The rise in the number of children cared for in residential settings is even sharper, at almost 17% in the past five years for the UK. Within this sector of the market, the independent sector is sought out for innovation and new development and plays an important role in providing specialised services in the right type of setting for more vulnerable children with complex needs.

Philip Blackburn, author of the report, said:

"Children's and young people's services present some of the greatest challenges in today's social care and education markets. The strong rise in demand for care services and high needs education has come during a period of fiscal restraint from central government, and local authorities have needed to work hard to ensure every child in their care is looked after properly and in appropriate settings, with an over-reaching eye to improve outcomes for children and young people accessing services. In recent years, the government has driven its policy to gather and develop best practice and innovation within children's social care and pay-offs from this work will be expected as wider roll-out and information dissemination takes place in the next few years. An important near-term policy development is scale and scope within commissioning, as recent sector-reviews have highlighted the opportunities to reduce dependency on local spot purchasing arrangements and develop more effective planned and guaranteed scale arrangements with providers. At a time when supply of specialist children's care is lacking in some areas of the country, dynamic market management between demand and supply is certainly a high priority to manage current and future needs within budget."

Representatives with the children's social care have pressed for higher funding commitments from the government. The Local Government Association predict that that a funding gap for children's services in England will be in the order of £2 billion by 2020 and more than £3 billion by 2025. To-date additional government funding to support innovation and best practice initiatives remains a far cry from substantial investment indicated by this funding shortfall. The 2019 Spending Review will provide some clarity on future government funding commitments for children's services and special education.

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* Please note LaingBuisson's estimate for children's services is gross spending by local government, and excludes spending on children's centres and other early years.

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Notes to Editors

About LaingBuisson

LaingBuisson has been serving clients for over 30 years with market, policy and strategy insights, data and analysis across healthcare and social care. We are the chosen provider of independent sector healthcare market data to the UK Government's Office for National Statistics and work globally with providers, commissioners, payors, manufacturers, investors, regulators and advisors. We help our clients to understand their markets, make informed decisions and deliver better outcomes through market intelligence, consulting and data solutions.

For more information, please visit our website at www.laingbuisson.com.

About Philip Blackburn

Philip is an economist who has worked for LaingBuisson for over 15 years. Within health and care, he specialises in applied economic and business analysis of the private acute hospital market, private medical cover, dentistry, children's services, childcare, and other markets.

He authors LaingBuisson's Health Cover Market Report, alongside other industry recognised titles. Prior to LaingBuisson, Philip spent several years at the Office for National Statistics, writing its monthly Economic Trends and Regional Trends commentary.

About Children's Services, 4th Edition

LaingBuisson's Children's Services report provides a continuing and comprehensive review of all aspects of the market for children and young people's social care services. This incisive publication looks at the size and segmentation of the market and key trends, including supply and demand, the impact of demographic change and of government policy and regulation. For further details, please go to www.laingbuisson.com