



ADCS Eastern Region

East of England local council Children's Services representation to the 2025 Spring Spending Review

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Representation by: East of England LGA on behalf of the East of England local council Children's Services

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Summary

The East of England local council Children's Services call on the government to take on board the need for policy and spending priorities changes to address the significant financial and service pressures facing children's services in the East of England and across the country.

We urge the government to prioritise the following recommendations and changes to policy:

- In consultation with children's services leaders, continue with the work that is being done in the residential provider space, to take control of the placement market and include Independent Fostering Agencies (IFAs).
- Review the impact that the inspection regimes of children's services have on the decision making of local authorities.
- Introduce a long-term SEND reform programme which improves outcomes for all children with SEND and is financially sustainable for councils which is supported by a range of short-term measures to help alleviate the pressure in the system and unlock resource.
- Introduce a cross-government strategy for children that clearly articulates the role that each department plays in delivering the best possible outcomes for children.
- Provide sufficient funding to all local authorities to implement the reforms effectively and improve outcomes for children.

We look forward to working with the government to develop and deliver the support needed for children in our region. We urge the government to work with local councils as we progress through devolution and local government reorganisation whilst sustaining vital services. We would welcome a meeting to discuss our recommendations on the spending priorities required to support a whole systems approach to improving outcomes for children.

1. Background

- 1.1 Local council Children's Services across the East of England are currently experiencing significant financial challenges, a situation mirrored nationwide. This representation is from the East of England Education and Children's Services Lead Members Network and the Association of Directors of Children's Services (ADCS) Eastern Region. These are made up of the 11 upper tier local councils in the region: Bedford, Cambridgeshire, Central Bedfordshire, Essex, Hertfordshire, Luton, Norfolk, Peterborough, Southend-on-Sea, Suffolk and Thurrock.
- 1.2 The Local Government Association forecasts a funding gap for local authorities amounting to £6.2 billion over the next two years. This financial strain is pushing an increasing number of local authorities towards issuing Section 114 notices, which would restrict their role to delivering only statutory services at the risk of preventative services. Consequently, the broader benefits that local authorities provide as community leaders risk being lost.
- 1.3 It is also important for government to recognise and address the current social conditions that are impacting children and families and consider what they can do to address issues such as, poverty, welfare and housing, that are driving families to turn to children's services for support.
- 1.4 To ensure local authorities can play a pivotal role in future reforms, it is essential to invest in stabilising and building capacity to counteract the effects of austerity. There is a pressing need for enhanced cross-government collaboration to develop comprehensive policies for children. The current system is fragmented, with local authorities shouldering the majority of the responsibility and costs. Policy decisions made by the Departments of Health, Justice, Housing and Communities, and the Home Office significantly impact children, families, and the expenditure on children's services.

2. Our recommendations

- 2.1 As the government turns its attention to the Spring Spending Review, we would like to take the opportunity to draw their attention to both the significant challenges faced and our recommendations which focus on the funding and policy changes needed for children's services. We urge the government to work with local councils as we progress through devolution and local government reorganisation whilst sustaining vital services.

Independent Care Placements

- 2.2 Children in our care deserve to live in homes that meet their needs and are as close as possible to the people and places that matter to them. However, the market costs are enormous, volatile, and unpredictable, creating significant financial pressures. There is

a need for greater control over market profiteering and adjustments to regulatory expectations during home inspections to prevent risk-averse practices and unrealistic standards.

- 2.3 The escalating costs of children's social care placements are unjustified. By addressing profiteering, funds could be used more efficiently and redirected towards developing in-house and voluntary sector services within the communities where children live. The suite of measures in the government's recent Children's Social Care Policy Paper aimed at better market management, including new investment in supporting local authorities to commission placements at scale and to open new children's homes, is welcome. Measures around increased financial transparency and accountability for placement provider groups are similarly welcome, as ownership structures can be hard to understand. While the focus has been on residential care, similar profiteering issues exist in the independent fostering agency (IFA) market and must be addressed. The substantial savings could be invested in services aimed at reducing the number of children entering care and improving family functioning to facilitate reunification.
- 2.4 There is an urgent need to speed up the Ofsted registration process for local authority children's homes, so that these can be registered more quickly in an effort to get more capacity into the care system.
- 2.5 Additionally, the ongoing issue of health contributions to children's care placements remains critical. The costs, particularly for children with the most complex needs, are unsustainable and place immense financial pressure on local authorities (LAs), potentially leading to financial intervention. This situation is exacerbated by inconsistent financial contributions from Integrated Care Boards (ICBs).
- 2.6 **Recommendations**
- In consultation with children's services leaders, continue with the work that is being done in the residential provider space, to take control of the placement market and include IFAs.
 - Review the impact that the inspection regimes of children's services have on the decision making of local authorities, and on the speed at which local authority children's homes can be registered.
 - Review the responsibility and accountability of the ICBs in relation to joint planning and funding for children's placements, especially those with acute emotional and mental health needs.

SEND & Education

- 2.7 Over recent years, there has been erosion of hard-won inclusion across mainstream education and the growth of demand in additional support is not a coincidence. The education system now places academic achievement above all else, with regulatory and funding arrangements that reinforce this. As a nation, we need a new all-encompassing vision for education that government, employers, parents, carers and learners can sign up to. There must be a rebalance of funding across the education

system away from the high needs block into mainstream education to support truly inclusive practice, this cannot be achieved on stretched resources.

- 2.8 While the 2014 SEND reforms were well intentioned, we have seen a range of unintended consequences emerge as a result of implementation and for many, education, health and care plans (EHCPs) are now considered to be the only way to access support. We have seen unsustainable levels of demand for EHCPs, a 62.7% rise nationally in Education, Care, and Health Plans from 2018/19 to 2023/24, resulting in significant high needs funding deficits which are expected to reach £5 billion over the next two years, as well as a drift away from inclusion in mainstream schools towards high cost specialist provision. The national increase in numbers of children with SEN is mirrored clearly in the East of England. The system is unaffordable and outcomes are now worse for our children and young people.
- 2.9 Home to school transport statutory guidance is rooted in the Education Act 1944. It is no longer fit for purpose and does not reflect the needs of children in the 21st century. Modelling done by the Isos Partnership predicts SEND school transport will almost triple over a decade – from £397m in 2018/19 to £1.125bn in 2027/28 – with the number of children eligible for free school transport increasing 122% over the same period, from 58,000 to 129,000, driven by the introduction of SEND legislation in 2014 and a subsequent increase in the number of children receiving Education, Health and Care Plans (EHCPs).
- 2.10 Local Authorities (LAs) play a pivotal role as place-based leaders but lack a well-defined structure to lead effectively. Granting local authorities clearer powers where Academy Trust decisions impact their responsibilities or local communities would enhance their effectiveness. For example, when trusts determine school closures, local authorities, with statutory responsibility and community knowledge, should have the necessary authority to influence whether a school remains open or closes.
- 2.11 Currently, local authorities lack the authority to direct academies in the admissions process, a power they retain over maintained schools. Empowering local authorities to champion the rights of all children and ensure a fair and equitable admissions system, which local schools for local children is necessary to address the fragmented landscape with multiple admission authorities in a local area. To ensure equitable access to education, local authorities must have statutory powers to drive inclusion.
- 2.12 Ofsted has shifted its focus from mere compliance to emphasising organisational culture. However, their current approach involves observing schools at a single point in time without fully considering the relationship between local authorities and schools regarding inclusion, SEND, and EHCPs. Strengthening Ofsted's inspection of inclusion in schools could support improvements in the education system without needing new legislation.
- 2.13 We cannot continue to view SEND and education as separate systems. A truly inclusive education system, as envisioned in the Isos Partnership report (2024), would enable

children to be educated in mainstream schools, alongside their peers, wherever possible. Investment, incentives and accountability will be required for schools to become truly inclusive.

2.14 Recommendations

- Introduce a long-term SEND reform programme which improves outcomes for all children with SEND and is financially sustainable for councils which is supported by a range of short-term measures to help alleviate the pressure in the system and unlock resource:
 - Write-off all Dedicated Schools Grant deficits to relieve the associated financial pressures that councils are currently facing. Ahead of this, Government should provide councils with certainty on the future of the statutory override for these deficits. Provide funding to address the substantial and growing cost pressures of home to school transport, particularly for children with SEND, or work with councils to identify ways to manage demand for, and access to, this service. These immediate measures should be accompanied by longer-term reform of home to school transport.
 - Integrate SEND Policy with Capital Investment: Aligning SEND (Special Educational Needs and Disabilities) policy with schools' capital investment within the Department for Education (DfE) is crucial. This is particularly important given the increasing reliance on and expenditure in the independent sector.
 - Transition Independent Special Schools to Academy Status: Independent non-maintained special schools, currently funded by taxpayers through local authorities, should be transitioned to academy status. This would allow them to receive funding directly from the state and be included in the local area's specialist provision.
 - Invest in Local Authority Provision: Capital investment is essential to enable local authorities to develop and maintain mainstream and special school provisions. This will help them sustainably meet local needs.
 - Address the significant workforce challenges and financial pressures caused by the current legislation related to EHCPs, it is recommended to introduce more flexibility in utilising advice from professionals other than Education Psychologists. These professionals often have a deeper understanding of the children being assessed and their individual needs. This approach would help alleviate some of the immediate pressures within the existing system and framework, making it more sustainable and effective.
 - Review and define what should 'ordinarily be available' in schools for all children with SEND, with a clear accountability and funding framework for mainstream schools to incentivise inclusion. This should include review of the 'notional SEN' funding for schools.
 - Empower local authorities to effectively lead as place-based leaders by granting them clearer powers over Academy Trust decisions that impact

their responsibilities and communities to ensure equitable access to inclusive education.

- Review Ofsted's inspection of schools to bolster and prioritise their inspection of inclusion in schools.
- Review the funding formula to reflect current not historical demand.

Cross Government Collaboration

- 2.15 There is a need for the government to review policy decisions made across various departments that significantly impact children and families. This review should also consider the resulting expenditure and pressure faced by local authorities
- 2.16 The National Transfer Scheme for unaccompanied asylum seeking children (UASCs), which has been mandated for a number of years, should be reviewed. The funding allocation for former UASC care leavers has not been reviewed for some time and is inadequate as it only covers the costs of placements. There is no contribution to the significant costs of local authority statutory duties for children in care. Furthermore, a growing number of former UASC care leavers have no recourse to public funds (NRPF). The majority of former UASC care leavers are granted leave to remain, if at the age of 18, time limited leave to remain was granted pending final decision, care leavers could access benefits, housing and seek employment. At present, their NRPF status is a cost that falls solely on local authorities, which is a direct cost shunt from the Home Office to children's services.
- 2.17 The health system needs to meet the needs of all children and young people, and this requires health partners to be held more accountable to meet their statutory responsibilities to all children and young people. The inconsistency in co-commissioning appropriate services/placements for children with a health need including those who have emotional and behavioural needs which affect their mental health has a significant impact on the budget pressures faced by local authorities. Funding to support children and young people's mental health is also an area for consideration. The current split in funding is significantly weighted towards services for adults. A change in the funding model would allow for a greater focus on services for those under 18 and further support early intervention and prevention via the roll out, at pace, of mental health support teams in schools and colleges.
- 2.18 **Recommendation**
- Introduce a cross-government strategy for children that clearly articulates the role that each department plays in delivering the best possible outcomes for children.

Social Care Reforms

2.19 The direction of policy from the government, as detailed in "Keeping Children Safe," "Helping Families Thrive," and the "Children Wellbeing Bill," is welcomed. These reforms are essential for improving the welfare of children and families. The reforms represent the most substantial change in delivery in 30 years, necessitating additional funding to support their implementation. without addressing the additional burdens these reforms will place on already struggling LAs, and without providing adequate and appropriate levels of funding, it will be extremely challenging to achieve and embed these reforms effectively.

2.20 **Recommendation**

- Provide fair funding to all local authorities to implement the reforms effectively and improve outcomes for children.

Fair Funding for Rural Areas

2.21 Rural areas were the major losers from the 2025-26 provisional local government finance settlement with the abolition of Rural Services Delivery Grant. The additional cost pressures of delivering services in sparsely populated rural areas have been well evidenced in the past. This reality has not changed. In ignoring the higher costs of providing services in rural areas, Government funding provided to the Council falls far short of addressing cost pressures from our existing service delivery. Removing the Rural Services Grant compounds the challenges councils in rural areas are facing with regards to the increasing financial costs for children's services such as home to school transport.

2.22 **Recommendation**

- Reevaluate the Rural Service Delivery Grant, considering the financial challenges involved in providing children's services in rural regions.
