PBE Economics to improve lives

Rebalancing the system: Children's Services spending, 2011-25

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PBE Economics to improve lives

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Key takeaways

£14.7 billion total spend

Local authorities spent £14.7 billion on children's services in 2024/25.
This is £2.5 billion per year more than in 2010/11 after adjusting for inflation.

82% spent on late intervention

82% of total spending by local authorities was on late intervention in 2024/25.
This is an increase from 62% in 2010/11.

25% more looked after children

There were 82,000 looked after children in 2025 compared with 66,000 in 2011 even though the child population has grown by only 7%.

40% less spent on early support

Early intervention spend is 40% lower in 2024/25 than in 2010/11 at £2.5 billion compared with £4.4 billion after adjusting for inflation.

Summary: An opportunity to rebalance the system

Children's services provide vital support for children and families. From early intervention, including community services and parenting programmes, to late intervention where more specialist help is required. However, over the past 15 years local authorities have found it increasingly difficult to meet growing demand alongside wider service pressures due to rising costs, reduced funding and increasing complexity in the needs of children and families.

This report is a continuation of our annual series analysing local authority spending on children's services in England. In previous reports we have highlighted the reductions in spend on early intervention services and called for further investment in early support. From April 2025 the UK government has committed to significant investment in children's services in this parliament to rebalance the early help and care systems in England. While the data included in this year's report does not yet reflect this investment, by looking at trends up to and including 2024/25 – the last financial year before the increased spending came into effect – we aim to set a baseline for monitoring against in future years.

With the recent commitments, the government has stated a clear aim to rebalance the system, with significant investment pledged over three years towards a series of measures aimed at increasing earlier support for vulnerable families and fixing what it views as a broken care market. These measures aim to shift towards the 'families first' system set out in the 2022 report of the independent review of children's social care, which sees families supported earlier, preventing escalation of need and reducing entries into care. Where care is needed, the measures encourage placements within the family network. Where this is not possible, family-based foster care will be prioritised, with the aim of leaving a small, high-quality residential care sector, including for children with the most complex needs. Roll out of the Families First Partnership programme began in April 2025, backed by legal measures in the Children's Wellbeing and Schools Act 2026.

The latest data shows that in 2024/25 local authorities spent record amounts on children's services. The total spend of £14.7 billion is £6.3 billion per year more than in 2010/11, equivalent to an extra £2.5 billion per year in real terms (taking into account inflation). The increase has been particularly rapid since the Covid-19 pandemic, with average spend per child in the population rising by a third between 2020/21 and 2024/25.

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Despite this rising spend, outcomes for children in the care system are still far behind average. An estimated 40% of care leavers aged 19-21 were not in education, employment or training (NEET) in 2024/25 compared with 15% of all young people in this age group. For those finishing school, the average Attainment 8 score for children in care is less than half that of the overall pupil population (17% compared with 46% for the overall pupil population in 2024/25) and has decreased in recent years (from 21% in 2019/20). Just 8% of children in care achieved grade 5 or above in English and maths GCSE compared with 45% of all pupils. Additionally, use of the Strengths and Difficulties Questionnaire (SDQ) showed that emotional and behavioural health is a cause for concern for 42% of children in care in 2025 (up slightly from 41% in previous years).

Instead of improving the outcomes of children in care, this increase in spending has been primarily driven by a combination of rising numbers of children in local authority care, increases in the complexity of children's needs and escalating costs of care placements. The number of children in care is up 25% since 2011 to 82,000 in 2025, which is much higher than the increase in the child population (7%). There has been a marked increase in the number of children aged 16 and over entering care; this is around two and a half times higher in 2025 than in 2011. This may partly reflect the rising number of unaccompanied asylum seeking children, now accounting for 8% of looked after children in 2025 compared with 5% in 2021, while also pointing to wider pressures in responding to the needs of older adolescents, including those affected by extra familial harms such as exploitation and peer violence.

The biggest driver of increased spending has been the spiralling cost of local authority care placements. Since 2020 the spend in care placements has risen around 20 times faster than the number of children in care. The average cost of supporting a child in care is now over £100,000 per year, compared with around £77,000 five years ago and £70,000 ten years ago.

These rising demands and costs for late intervention are squeezing out spending on earlier support intended to prevent problems from escalating. More costly late intervention now accounts for over 80% of total local authority children's services spend at £12 billion (2024/25), compared with 62% in 2010/11. Despite increases in early intervention spend since 2020, the amount spent on these services in 2024/25 was over 40% less than in 2010/11.

As we reported last year, the result of these pressures is a patchwork system with growing differences from one local authority to the next. This is primarily driven by the shifts in later intervention spending. The gap in average spend per child has continued to widen. This means that the support available to a child is heavily influenced by where they live.

Government funding commitments for 2025-2029 aim to rebalance this picture and provide much needed early support to children and families. The success of this ambition should be judged not by whether increased investment in early intervention reduces spending overall, but whether it translates into better outcomes for children and families. By investing at the earliest opportunity, we hope in future annual reports to see a clear reduction in the number of children and families reaching crisis point and supported to be happy, healthy and safe.

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Rebalancing the system is a government priority

The UK government has stated that a core mission of this parliament is to improve the lives of children and young people. They have announced further investment in prevention and early intervention over the next three years, including £2.4bn through the Families First Partnership Programme, £900m for the Best Start in Life programme (which includes Family Hub provision) and £70m to establish new Young Futures hubs.[1]

However, this additional support is in a landscape where many families are living in a pressure-cooker environment, where financial, social and service-related stresses build up with little sign of let-up. Children are increasingly at risk of being exposed to extra-familial harms, including child criminal exploitation (CCE) and child sexual exploitation (CSE), teenage relationship abuse, bullying, online harms, modern slavery and radicalisation. The rising cost of living means that 4 million children are living in poverty – that's 27% of all children living in relative low-income households, a rate higher than most comparable OECD countries.[2] Local authorities are finding it increasingly difficult to meet the level of demand for support alongside wider service pressures due to rising costs, reduced funding and increasing complexity of need.[3]

Additionally, children themselves are reporting high levels of anxiety and poor mental health with an estimated one in six children having a mental health problem. Of the 550,000 children and young people on the waiting list for mental health services, more than half have been waiting a year for treatment and 30% have been waiting for at least 2 years.[4] For some of these children, their needs are at a level of complexity to require support from social care services.

While the additional funding is not yet reflected in the published data, in this report we look at local authority spending on children's services in England[5] since 2011 to understand the context of recent reform and some of the challenges the system is facing. Throughout the report, we have grouped services into 'early intervention' and 'late intervention' as described in the table below. By analysing the data in these two distinct groups, we can monitor shifts in where the funding is being focused and contribute to the evidence base in support of continued

1 See figure 1 for further details.

2 Households Below Average Income: An analysis of the UK income distribution: FYE 1995 to FYE 2025, Department for Work and Pensions (26 March 2026).

3 Local authorities applying for exceptional financial support cited social care as a reason in the Local Government Association Council budget setting survey 2026/27.

4 Half a million children on mental health waiting lists in England risk turning to AI chatbots for support, warns RCPsych, Royal College of Physicians (11 February 2026)

5 Unless stated otherwise, this report refers to data, legislation or spend in local authorities in England only, as children's social care is a devolved matter in the other UK nations.

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investment in early intervention services over time. We use the categories defined in the Department for Education's Section 251 data returns.[6]

The table below explains how we categorise them throughout and provides examples of what each category covers.

Category	Shorter verified description
Late intervention	
Looked after children	Looked after children, including residential care, fostering, adoption, special guardianship, leaving care, and unaccompanied asylum seeking children.
Social work and safeguarding children[7]	Spending on children's social work, child protection, children's services and safeguarding.
Youth justice	Youth offending teams, secure accommodation, remand, bail support, remand fostering, and other youth justice costs.
Early intervention	
Children's centres and spend for under 5s[8]	Children's centres including Family Hubs, area-wide children's centre services and other non-education related early years support for 0-5s.
Family support services	Practical support for children and families, including disabled children's support, short breaks, targeted and universal family support.
Services for young people	Spending on universal and targeted services for young people, including youth work, positive activities, education/ training participation support, and targeted early intervention.

6 Note that while the data release is titled 'Local authority and school expenditure; Expenditure on children's and young people's services', the total spend data does not include money allocated to schools.

7 Labelled 'Safeguarding children and young people's services' in the DfE publication

8 Labelled 'Sure Start children's centres and other spend on children under 5' in the DfE publication

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Figure 1: Timeline of key UK government commitments to children's services



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Total spending on children's services is at a record level

The amount being spent by local authorities on children's services has increased rapidly in recent years. Our work tracking local authority spending shows that funding for children's services has been subject to considerable change, and since 2010/11 there has been an increase of £6.3 billion per year in cash terms and £2.5 billion in real terms (taking into account inflation).[9]

Spending on children's services by local authorities in England can be roughly divided into three distinct phases.

1. **2010/11 to 2016/17:** In response to significant funding cuts from central government, councils reduced spending on children's services by around £1 billion, a fall of 10% in real terms.
2. **2016/17 to 2020/21:** Small increases in local authority revenues led to average annual growth rates of around 2%, meaning that expenditure grew by around £880 million in real terms over this period.
3. **2020/21 to 2024/25:** Rapid rise in spending of £2.8 billion in real terms over the last 5 years, equivalent to an increase of 23% of total local authority children's services spending.

Focusing on the most recent of these phases, a number of factors shape the context behind the rise. The Covid-19 pandemic added to the complexity of children's social care, with children being less visible to professionals increasing the risk of unidentified harm, and additional staff sickness and absence adding pressure to a workforce that was already experiencing high vacancies and turnover[10]. Children were exposed to higher levels of domestic violence[11] and families who had been managing began to struggle with increased financial pressures and less access to their support networks[12]. Once lockdown restrictions were lifted, professionals were able to have more contact with children in schools and other services, and were able to better identify at risk children. This led to an increased number of referrals for children already presenting with more serious concerns[13] and required more costly late intervention services.

9 Unless otherwise stated, all spending figures in the report have been adjusted for inflation.

10 Covid plus workforce pressures were a 'perfect storm' for vulnerable children, Professional Social Work Magazine (13 October 2025).

11 Mary Baginsky and Jill Manthorpe, Managing through COVID-19: the experiences of children's social care in 15 English local authorities, Policy Institute at King's, NIHR Policy Research Unit in Health and Social Care Workforce (5 July 2020).

12 Social isolation and the risk of child abuse during and after the coronavirus pandemic, Summary of risks to children's safety due to the conditions created by the COVID-19 pandemic, NSPCC (June 2020).

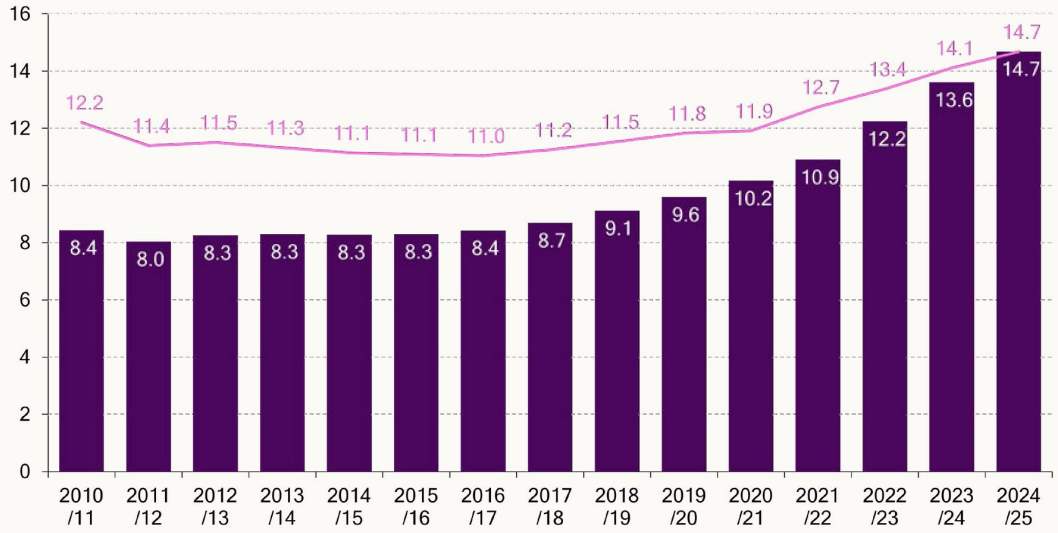
13 Children's social care 2022: recovering from the COVID-19 pandemic, Ofsted (22 July 2022).

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Other increased costs have arisen from general inflation, increased energy prices, staffing costs and the use of high-cost private provision.[14]

Figure 2: Overall spend has increased in the last 10 years

Trend in total net expenditure (in billions) and spend in real-terms (in billions) – baseline 2024/25



Source: PBE analysis of Department for Education data: local authority and school expenditure; Expenditure on children's and young people's services, 2026

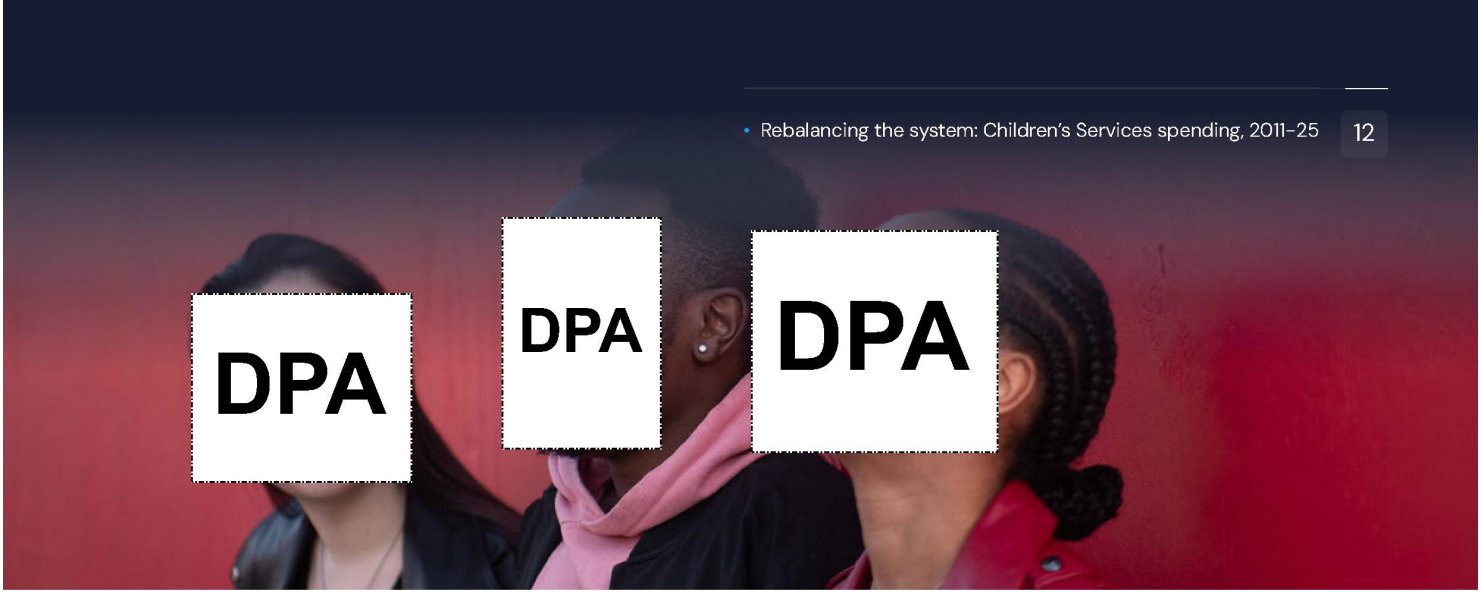
With overall local authority core spending power remaining significantly lower than pre-2010, the rising costs of children's services mean that the percentage of local authority budgets being spent in this area is also continuing to rise. In the last 10 years we have seen increases from 18.5% in 2015/16 to 20.6% in 2020/21 and 22.7% in 2024/25,[15] but this has not kept pace with underlying service demand. Local authorities are increasingly bridging funding gaps through reserves and other non-recurrent funding.[16]

14 Costs and complexity in care: The real drivers of high-cost placements for children in care, Local Government Association and National Children's Bureau (May 2025).

15 Calculated as a percentage of core spending power

16 Performance Tracker 2025: Children's social care, Institute for Government (15 October 2025)

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Increasing demand for local authority care helps to explain the rise in spending

Children's services cover a wide range of types of support. Universal programmes are open access to every family, targeted early support exists for families who would benefit from extra help, while more intensive interventions must also be available for children at immediate risk of harm.

Specific data is not available on the scale of need for all of these services, but we can look at the number of children designated as children in need (requiring local authority services to maintain a reasonable standard of health or development, including children with a disability), the number of child protection plans (formal documents explaining the child protection decisions that have been made and outlining responsibilities to keep a child safe) and the number of young people that are removed from their families to be placed in local authority care.

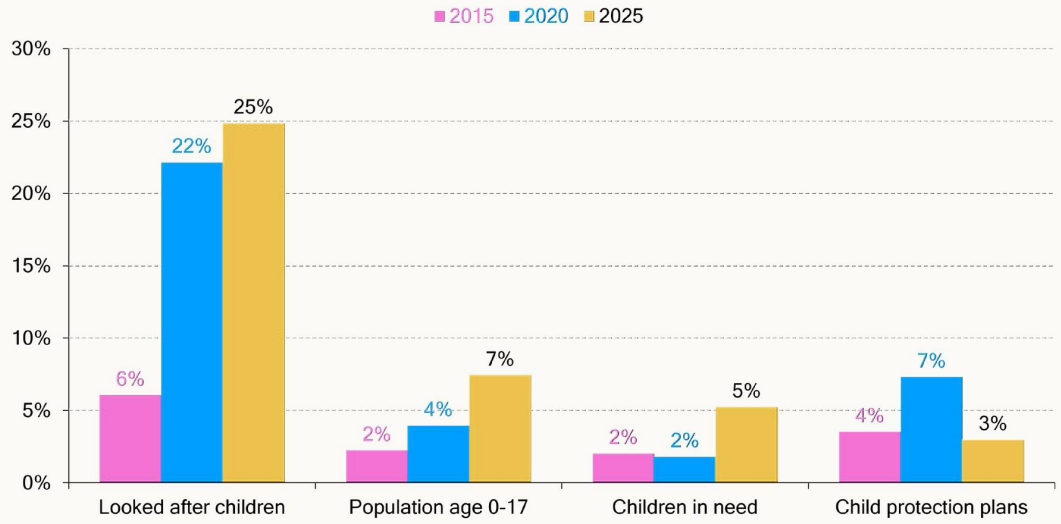
There has been relatively little change in the total number of young people formally designated as a child in need,[17] which has stayed around the 400,000 mark for the last few years (402,000 in 2024/25). This is a rate of 330 per 10,000 children across England which is relatively unchanged since 2020. There has also been little change in the number of child protection plans, which are around 3% higher in 2025 than in 2011.

By far the biggest increase in pressure on children's services is from the number of children entering care. Compared to 2011, there has been an increase of 25% in the number of looked after children, which is more than three times bigger than the 7% increase in the child population (age 0-17 years) and 5 times bigger than the increase in children in need.

17 It is important to be aware that the age composition of children in need has changed over this period, with older children (over 10 years old) now representing a larger proportion of children in need, and children under five years old representing a smaller proportion.

Figure 3: The percentage change in looked after children is significant compared with the difference in other areas

Percentage change since 2011 in number of looked after children (at 31 March), children in need, England population age 0–17 years and child protection plans

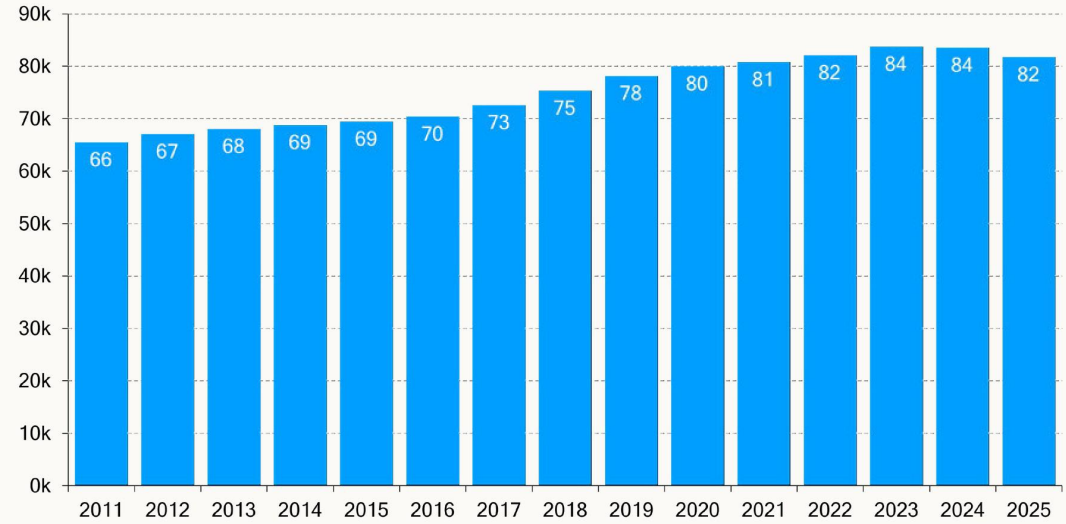


Note: Population estimates for 2025 were not available at the time of publication, and the percentage for 2025 is therefore based on 2024

Source: PBE analysis of Department for Education data and ONS mid-year population estimates, 2026

Figure 4: There are much higher numbers of looked after children now than there were 10–15 years ago

Trend in total number of looked after children on 31 March in England (thousands)



Source: PBE analysis of Department for Education data: Looked after children, 2026

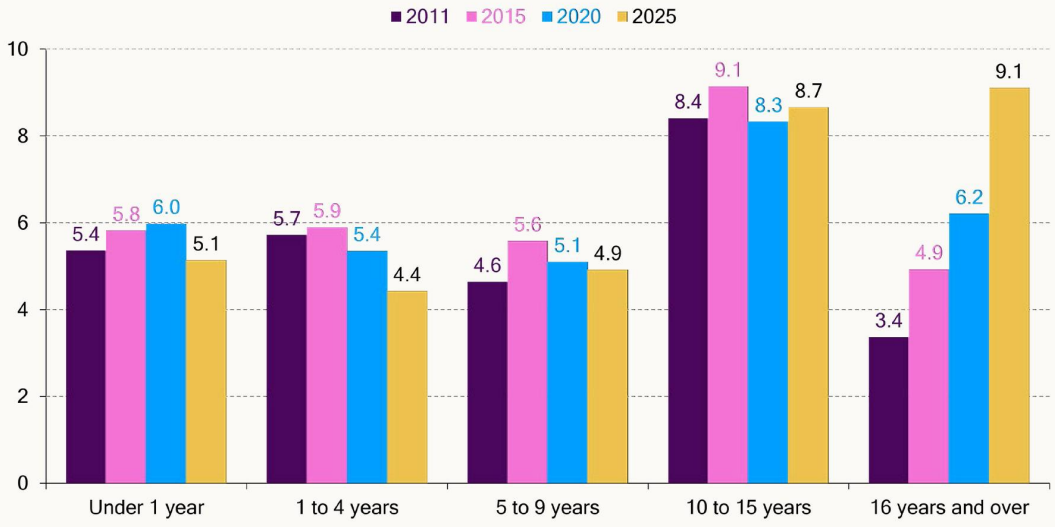
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The number of looked after children increased steadily from 66,000 in 2011 up to 84,000 in 2023 and 2024. There has been a slight decrease in 2025 to 82,000 children and we will wait to see if this is the start of a continued downward trend. This number included 32,000 children starting to be looked after during 2025. Aside from a drop during Covid, numbers starting to be looked after have remained similar over the last 10 or so years.

This total increase in looked after children is driven by increases in older children entering care. While younger age groups have seen a drop in the number of children starting to be looked after, the number of children aged 16 and over is around two and a half times higher in 2025 than in 2011 (9,100 compared with 3,400). This means the average age of a child entering care has increased from 8 years in 2011 to almost 10 years in 2025. As a child gets older, the complexity of their need often increases – they are more likely to have been exposed to trauma, exploitation or experience mental health issues[18]– resulting in the need for more specialist and higher cost placements.[19]

Figure 5: There has been a big increase in the number of children age 16 years and over entering care

Number of children starting to be looked after (in thousands), by age group and year

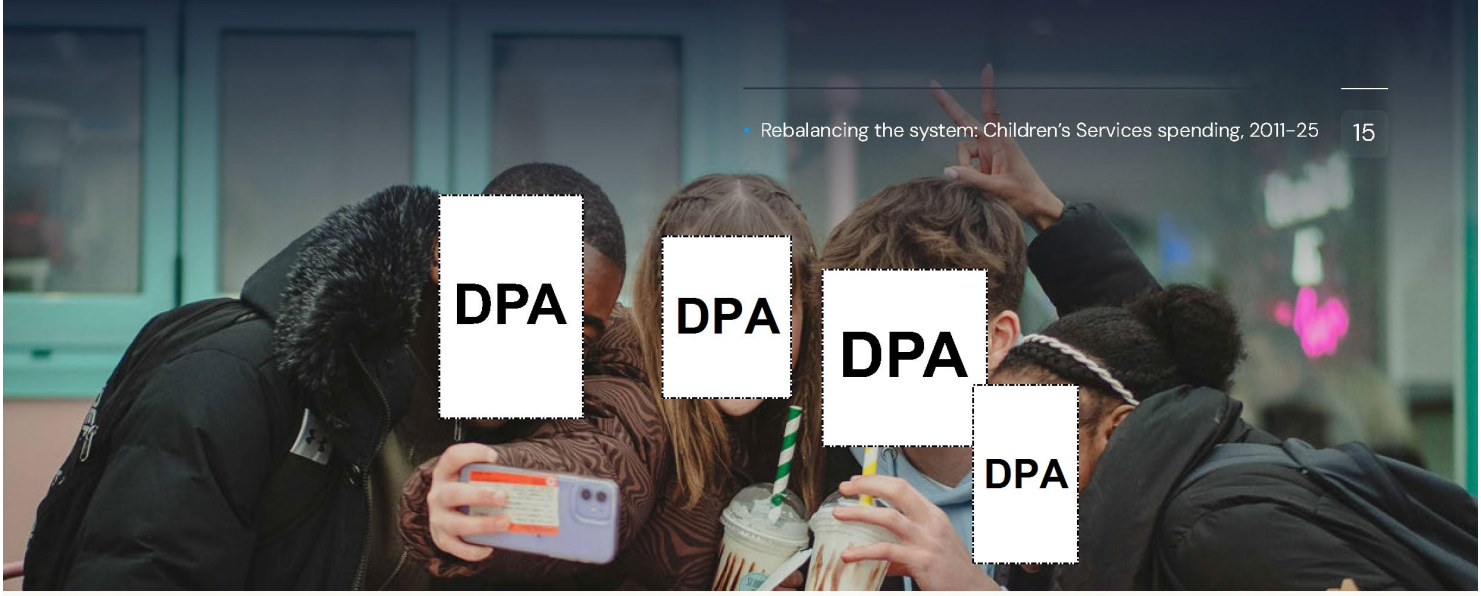


Source: PBE analysis of Department for Education data: Looked-after children, 2026

18 Costs and complexity in care: The real drivers of high-cost placements for children in care, Local Government Association and National Children's Bureau (May 2025)

19 Explosion in number of older children going into care over last five years is hitting stability of the system, Children's Commissioner (1 August 2019)

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Part of this increase can be explained by the number of unaccompanied asylum seeking children (UASC). The size of this group has increased particularly in the last 5 years, to a maximum of 7,440 in 2024. In 2025 UASC accounted for 8% of all looked after children (6,540 children) compared with 5% in 2021. While the majority of these children (90%) are age 16 and over, this does not account for all of the increase observed in the age group overall.

There has also been an increase in assessments for child criminal exploitation (CCE) and child sexual exploitation (CSE), which are now better identified and understood as safeguarding concerns.[20] Detailed data on the demographics of these children is not published and therefore we cannot directly analyse this by age, but it is likely that older children will be most affected. Assessments with CCE as a factor increased from 10,300 in 2021/22 to 17,700 in 2023/24 and early help assessments for CSE, trafficking and gang related concerns rose over the same period, from just over 9,000 to 21,700[21]. We expect numbers reported to rise further in coming years with the introduction of new offences of exploiting children and updated guidance for local safeguarding partners.[22]

20 Crime and Policing Bill: child criminal exploitation, cuckooing (home takeover) and coerced internal concealment factsheet, Home Office and Ministry of Justice (29 April 2026)

21 Headlines from phase nine of the ADCS Safeguarding Pressures research, ADCS

22 It is important to note that an increase in reporting is welcome and may not indicate an increase in activity. More detailed data by age group and other demographics would allow us to better understand any differences over time.

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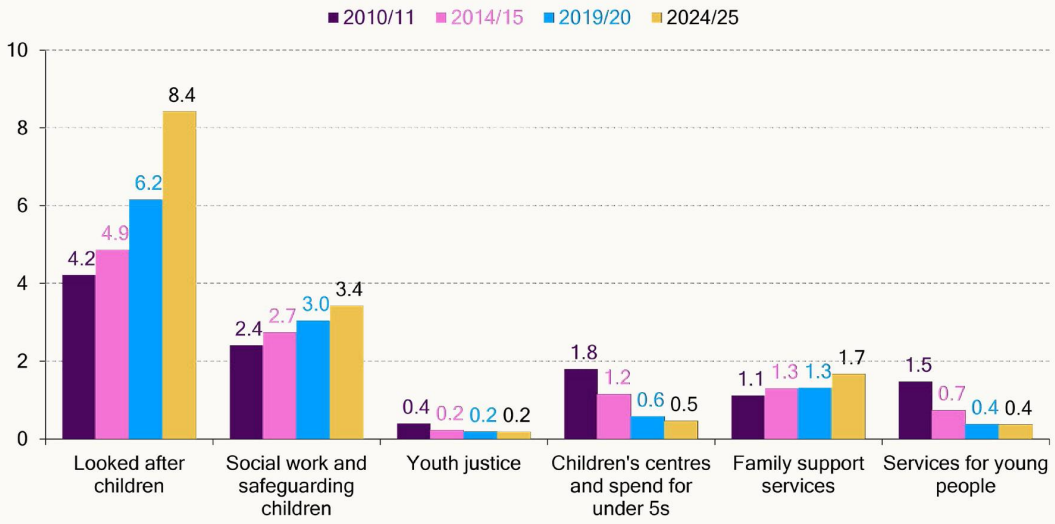
Spiralling costs of care placements are also driving up spending

The total expenditure on supporting looked after children has increased fastest of all children's services. In figure 6 we show that the spend on looked after children doubled from £4.2 billion to £8.4 billion between 2010/11 and 2024/25.

In the same time frame, youth justice has decreased in real terms from around £0.4 billion in 2010/11 to around £0.2 billion in 2024/25 and the spend on social work and safeguarding children has increased from £2.4 billion to £3.4 billion. Meanwhile, spending on early intervention such as on children's centres and other spend on children under five years old decreased from £1.8 billion to less than £0.5 billion, with services for young people also decreasing by more than £1 billion. Family support services have seen an increase in recent years from £1.1 billion to £1.7 billion, we expect that much of the promised investment will also fall into this category of spend in coming years.

Figure 6: The cost of looked after children has driven the rise in overall cost

Trend in total net expenditure (in billions), by service type



Note: Late intervention includes 'looked after children', 'social work and safeguarding children', and 'youth justice'. Early intervention includes 'children's centres and other spend for under 5s', 'family support services' and 'services for young people'.

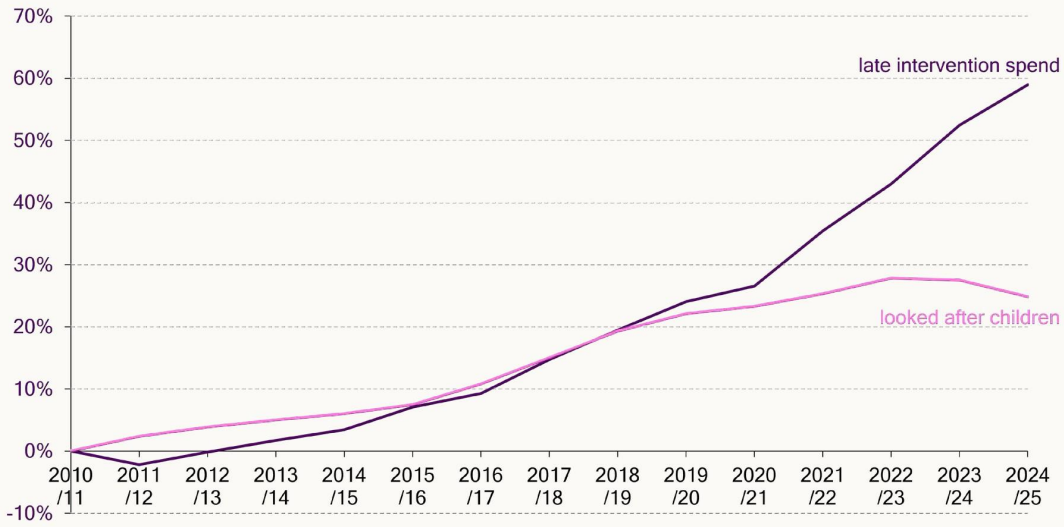
Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services and Department for Education data: Looked after children, 2026

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The recent increase in the average cost of supporting a child in local authority care is the biggest driver of this growth in spending. Figure 7 shows that the spend on care was rising in line with the numbers of children in care until 2020/21. Since then, however, the spend on looked after children has risen 20 times faster than the number of children in care in the last 5 years. The average cost of supporting a child in care is now over £100,000 per year, compared with around £77,000 five years ago and £70,000 ten years ago[23].

Figure 7: Spend was rising in line with the numbers of children in care until the pandemic

Percentage change in the number of looked after children and percentage change in the total late intervention expenditure (in real terms) since 2010/11



Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services, 2026

Despite increased spending, there is little evidence that this has translated into better outcomes. This increase in spending per looked after child would be welcome if it resulted in improvements in the quality of the support being delivered. However, several outcomes suggest that this does not appear to be the case. For example, providing a safe and stable environment for children is of high importance. However, 14% (or 6,570 children) that had been looked after for less than 12 months on the 31st of March 2025 had experienced 3 or more placements during the year, which is an increase from 12% in 2021. Additionally, there were more children missing or away from their placements without authorisation in 2025 compared with 2021; the average number of missing incidents per looked after child who went missing increased from 6.6 to 6.8 episodes per year, and there was an increase in both the percentage of children who

23 Based on the total spend on looked after children and the number of looked after children at 31 March

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had a missing incident (from 10% to 11%) and the percentage away from placement without authorisation (from 2% to 3%) during the year.

Additionally, wider outcome measures for children in the care system, or who have recently left care, are still far behind average. In 2025, 42% of children in care scored highly on the Strengths and Difficulties Questionnaire (SDQ)[24] indicating emotional and behavioural health difficulties (up slightly from 41% in previous years).[25] For those finishing secondary school, just 8% of children in care achieved grade 5 or above in English and maths GCSE compared with 45% of all pupils in 2024/25. Similarly, the average Attainment 8 score[26] for children in care was low at 17 compared with 46 in the overall population and also appears to be on a downward trend in recent years (down from 21 in 2019/20). For those who have recently left care aged 19-21, an estimated 40% were not in education, employment or training (NEET) in 2024/25 compared with 15% of all young people in this age group.[27]

Instead, the rise in the costs of supporting children in care likely reflects increased complexity of cases combined with the underlying structure of the market. The needs of the children requiring care are becoming more complex and the availability of placements hasn't kept pace, leading to a situation of high demand and low supply. [28] The increased use of private provision over the last 10 years means that these market conditions are likely to result in rapidly rising prices like those seen in recent years.[29] Concerns were raised by the Competition and Markets Authority in 2022 about the availability of placements and the profits of private providers.[30] The government set out ambitions to address these challenges in the 'Keeping children safe, helping families thrive' policy statement of 2024 but we are still waiting to see how much of a difference these changes will make.[31]

24 The Strengths and Difficulties Questionnaire (SDQ) is a tool used to screen children's behaviour and overall wellbeing, helping social workers and health professionals understand how a child is doing. A score of 0 to 13 is considered normal, 14 to 16 is borderline, and 17 to 40 is a cause for concern.

25 Children looked after in England including adoptions, Department for Education (25 November 2025).

26 Attainment 8 is a UK measure that sums a pupil's scores across eight GCSE subjects (with English and maths double-weighted) to show their overall academic performance at the end of secondary school. See Outcomes for children in need, including children looked after by local authorities in England, Department for Education (6 May 2026).

27 Children looked after in England including adoptions, Department for Education (25 November 2025)

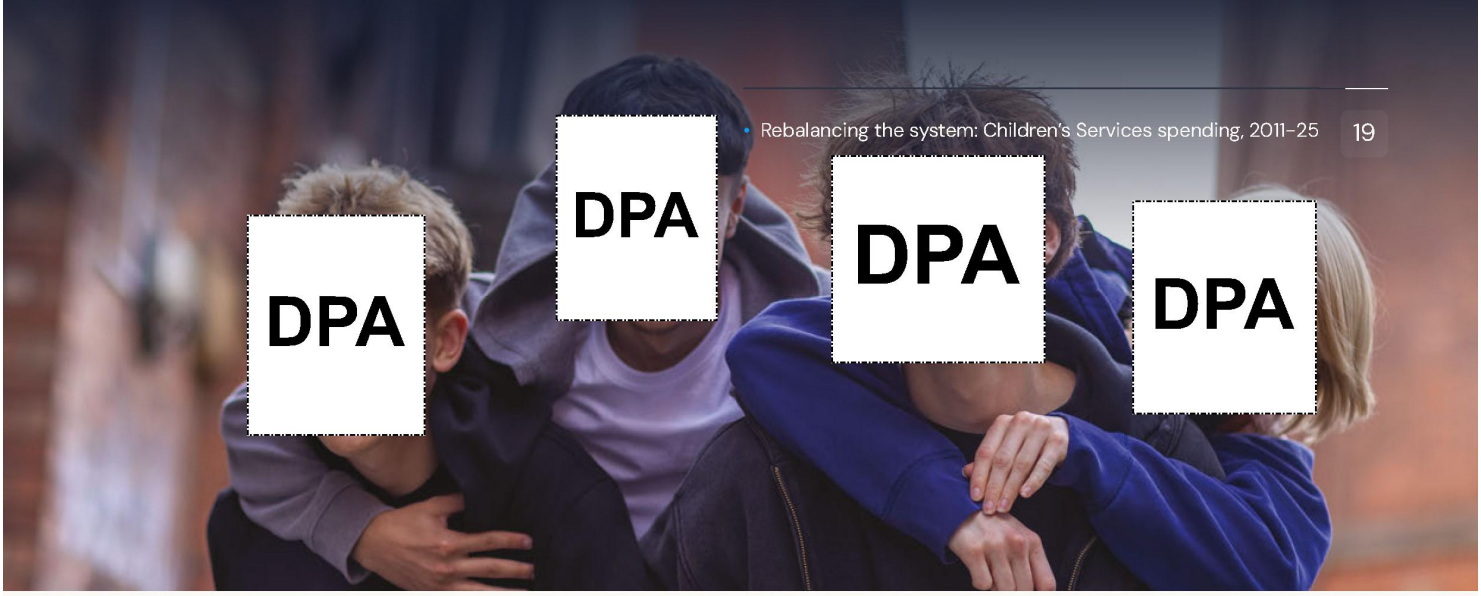
28 When we talk about 'complex needs' we mean children with multiple, overlapping needs requiring a collective response from multiple agencies rather than referring to the severity of any single need. See How local authorities and children's homes can achieve stability and permanence for children with complex needs, Ofsted (16 January 2024), for more detail.

29 The use of private provision to deliver services increased by 126% over the last 10 years while use of voluntary provision declined by 45%. There has been a much smaller increase of 25% in LA owned services.

30 Children's social care market study final report, Competition and Markets Authority (22 March 2022)

31 Keeping children safe, helping families thrive, Department for Education (18 November 2024)

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The shortage of supply of appropriate care placements has also led to a variety of other practices that are unlikely to lead to good outcomes for young people. Where a home can be found, most local authorities reported that children with complex needs are frequently placed out of their local area, often move around settings and served notice to leave, providing an unstable environment to grow up in.[32] Increasingly, local authorities are resorting to Deprivation of Liberty Orders (DoLs) which authorise the deprivation of children in unregulated settings to keep them safe in the absence of other options.[33] Furthermore, the Children's Commissioner has highlighted the use of illegal homes with children being accommodated in "caravans, holiday rentals, or AirBnBs, usually under the ownership of private companies with no formal inspection or scrutiny", potentially putting some of the most vulnerable children at risk of further harm or exploitation.

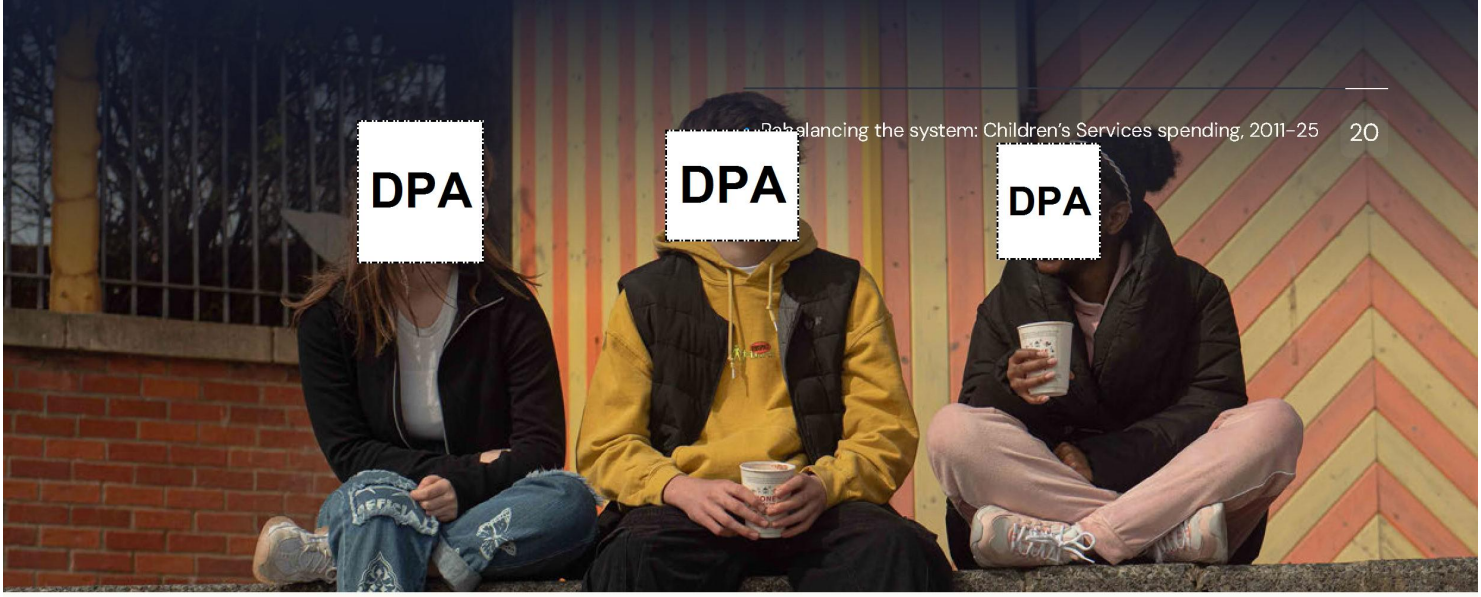
It's too early to tell if the spend on looked after children will decrease in line with the drop in numbers of looked after children seen between 2024 and 2025. However, ongoing increases in the costs per looked after child suggest that there may be a levelling off rather than a reduction. Ultimately, there needs to be sufficient placements available to meet the needs of all children and ensure they're not in inappropriate settings due to lack of choice, whether that's foster care or residential homes set up to deal with complex needs.[34]

32 How local authorities and children's homes can achieve stability and permanence for children with complex needs, Ofsted (16 January 2024)

33 Two years since Deprivation of Liberty orders tracked by the Ministry of Justice, 2,606 children have been subject to Deprivation of Liberty applications, Nuffield Family Justice Observatory (25 September 2025)

34 Children with complex needs who are deprived of liberty: Interviews with children to understand their experiences of being deprived of their liberty, Children's Commissioner (18 November 2024)

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Soaring costs of late intervention services have squeezed budgets for early intervention

Late intervention services are those provided when children and families have already reached a point of significant need or crisis.[35] This includes children entering care or requiring specialist support for complex needs. There will always be children for whom being looked after by the local authority is the right and safest option. However, for many families, earlier support could help prevent problems from escalating and enable children to remain safely at home.

The alternative to this late support is early intervention: support provided before problems become more serious. This can include help for families living in poverty, support to build stable family relationships, parenting programmes, youth support, community services and work to improve engagement with schools and health.[36]

35 Briefing: The Cost of Delaying Reform to Children's Social Care, Action for Children

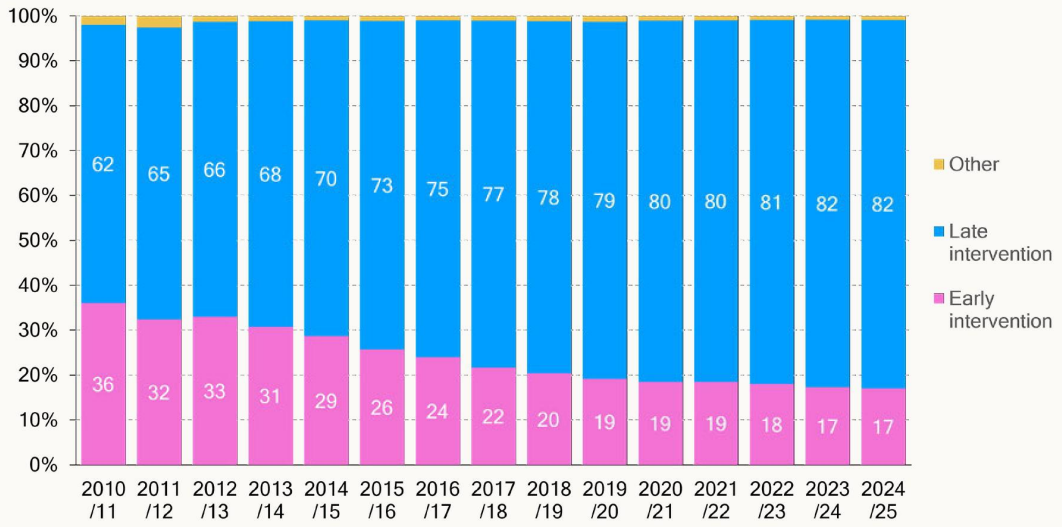
36 Other spend may include support for children with special educational needs and disabilities (SEND). Also, universal services including educational or leisure-based recreational activities, such as youth clubs and holiday activity programmes for older children, though reporting of these is not standardised for all services and is therefore difficult to monitor.

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Local Authorities are now spending a much higher proportion of their budgets on late intervention. Spending on late intervention has more than doubled in cash terms, and in real terms has increased from £7.6 billion in 2010/11 to £12 billion in 2024/25. As a result, the share of total spending allocated to early intervention has halved since 2010/11 while late intervention now accounts for 82% of all spending.

Figure 8: A higher percentage of the total spend is now being used for late intervention services

Percentage of total spent on early intervention, late intervention and other services



Note: Late intervention includes 'looked after children', 'social work and safeguarding children', and 'youth justice'. Early intervention includes 'children's centres and other spend for under 5s', 'family support services' and 'services for young people'. Other includes all other spend.

Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services, 2026

This shift in spending is likely to be a false economy over the longer term. Investing in the right support as soon as problems emerge can have significant benefits over time. Studies have shown that spending on earlier support can: reduce hospital admissions for children, lead to improved academic outcomes, reduce youth offending and, ultimately, reduce the number of children needing local authority care.[37] This means that, although benefits will be spread across a number of different central government and local authority departments, investing in earlier support is likely to offer good value for money.

37 See, for example: Carmen Villa, How cuts to youth clubs affected teen crime and education, Institute for Fiscal Studies (13 November 2024), Pedro Carneiro et al, The short- and medium-term effects of Sure Start on children's outcomes, Institute for Fiscal Studies (May 2025) and Calum Webb, Investing in Prevention and Support: Spending on family support, children's centres, young peoples' services, and other forms of help and child welfare interventions in England, 2009–10 to 2021–22. Final Report., University of Sheffield (3 February 2025) or Claire Easton and Geoff Gee, Early intervention: informing local practice, National Foundation for Educational Research and Local Government Association

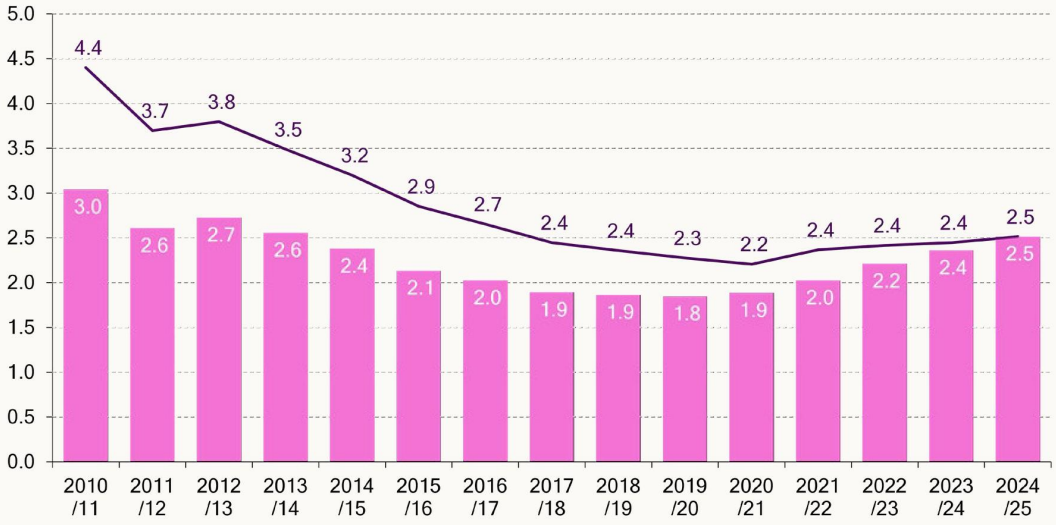
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However, rebalancing this spend will not be easy. Local authorities have a legal duty to provide support when a child or family reaches certain thresholds of support. Helping a child already in crisis requires specialist professionals, multi-agency involvement, and long-term input. A significant proportion of late intervention spending is driven by statutory duties to respond to children who meet safeguarding or specialist care thresholds. This means local authorities have limited discretion to reduce spending on acute services, even where they want to shift resources towards earlier intervention. In the short term, increasing investment in prevention is therefore difficult without additional financial support.

Encouragingly, spending on early intervention has started to increase, however it remains much lower than levels seen 15 years ago. In real terms the amount spent on early intervention services halved between 2010/11 and 2020/21 from £4.4 billion to £2.2 billion. Since then, there has been a modest increase to £2.5 billion in 2024/25. Recent government spending announcements should start to accelerate this reversal of long-term trends.

Figure 9: Recent spending commitments are welcome after years of cuts to early intervention funding

Trend in total net expenditure (in billions) on early intervention and spend in real-terms (in billions) on early intervention – baseline 2024/25



Note: Includes 'children's centres and other spend for under 5s', 'family support services' and 'services for young people'.

Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services, 2026



Growing differences between local areas mean a patchwork system for families

In last year's report we showed that the increase in spending on children's services has not been equal across England.[38] Over the last five years the gap between those local authorities that spend the most per child and those spending the least has widened. This widening indicates even more inconsistency between local authorities in recent years, with a family's experience of support depending on where they live.

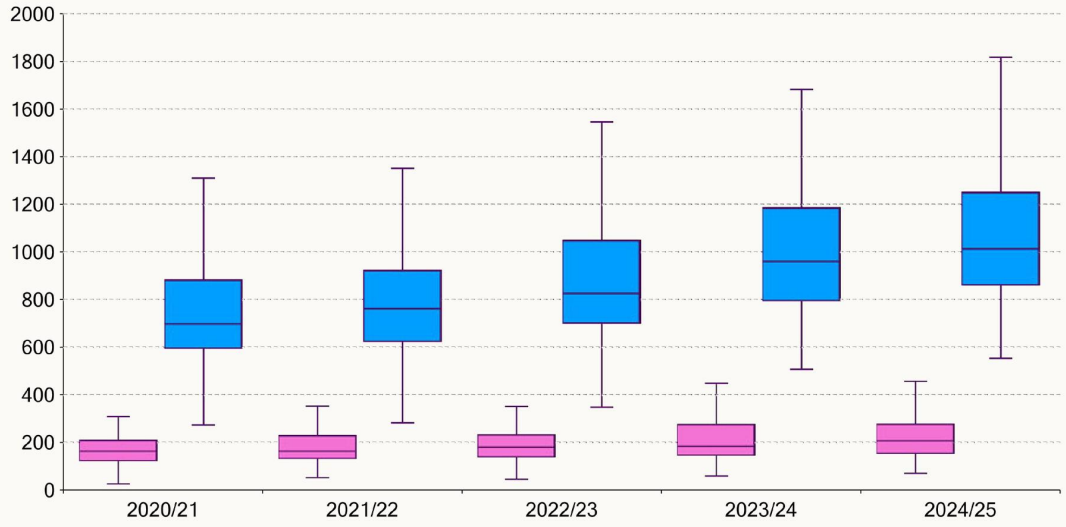
The majority of this increase in variation between local authorities in the past 5 years is due to increased late intervention spend. The average spend per child in the population has increased from £700 to £1,000 and the maximum spend has reached a high of £1,800, an increase of a third on five years ago. Even if we remove the most extreme examples and focus on the spread of spending among typical local authorities by ignoring the top 25% and the lowest 25% of spenders, we see a growing divergence in expenditure. In 2020/21 there was a difference of around £280 per child between the top and bottom of this group and this has increased to a gap of £390 per child in 2024/25.

38 Jack Larkham, A long road to recovery: Local authority spending on early intervention children's services 2010–11 to 2023–24, PBE (7 May 2025)

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Figure 10: There is a wider range of spend across local authorities now than 5 years ago for both early and late intervention services

Variation in spend per child in the population on early intervention services and late intervention services between local authorities



Note: Outliers have been removed, including City of London, Isles of Scilly and Rutland due to small numbers. Late intervention includes 'looked after children', 'social work and safeguarding children', and 'youth justice'. Early intervention includes 'children's centres and other spend for under 5s', 'family support services' and 'services for young people'.

A box and whiskers chart is designed to show how data is spread out. The box marks the middle half of the values (the 75th percentile at the top of the box and the 25th percentile at the bottom), the line inside shows the median, and the whiskers show the full range.

Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services, 2026

This widening gap in late intervention spending has been driven by increasing differences in the cost per placement for looked after children. This is illustrated in Figure 11 which shows that the minimum spend in a local authority was around £31,000 in 2021 and has risen to around £54,000 in 2025. Meanwhile the maximum spend has increased from around £114,000 to £167,000 per child. The range of spending by local authorities has therefore increased by 35% in the last 5 years with the difference between the lowest quarter and highest quarter also rising by 16%.

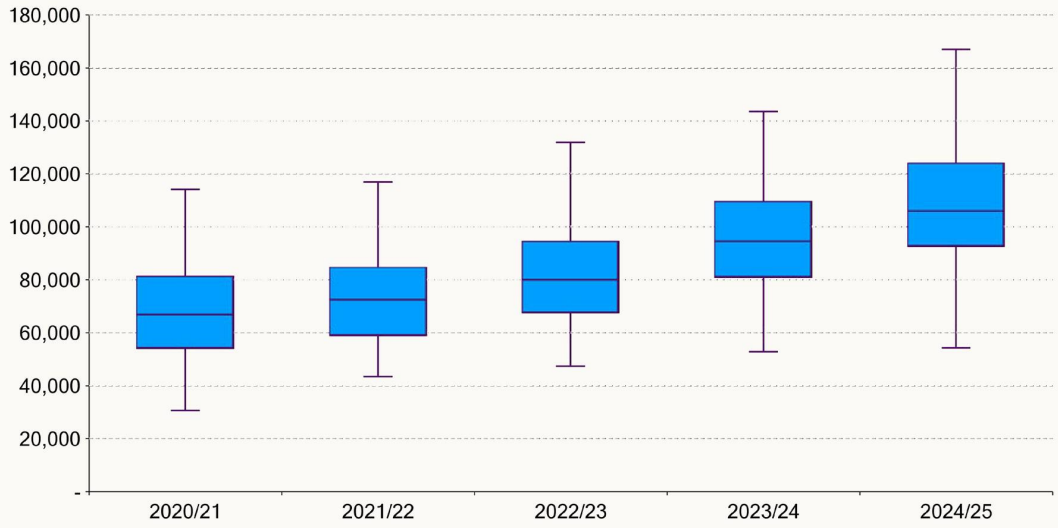
These differences could be driven by a range of different factors. Costs may be higher due to supporting more children with complex needs, local property prices and staff costs affecting availability and affordability of residential care or there may not be enough local provision to meet demand. For example, in 2025 North West England had the highest number of children's

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home places and children's homes in England (3,210 places across 1,020 homes) and had also seen the biggest increase over the previous 12 months, creating 390 more places and with 120 more providers. Now 26% of all children's homes in England are in the North West, yet the demand for services in the region does not match this with only 18% of looked after children coming from that region.[39]

Figure 11: The gap between what local authorities spend on children in care is continuing to widen

Variation in spend per looked after child between local authorities



Note: Outliers have been removed, including City of London, Isles of Scilly and Rutland due to small numbers.

A box and whiskers chart is designed to show how data is spread out. The box marks the middle half of the values (the 75th percentile at the top of the box and the 25th percentile at the bottom), the line inside shows the median, and the whiskers show the full range.

Source: PBE analysis of Department for Education data: LA and school expenditure; Expenditure on children's and young people's services, 2026

The government has recently revised the formula that allocates money to local authorities in England in order to improve the alignment between funding and need. The formula uses levels of deprivation, the numbers of children and young people living there, demand for children's social care and local cost pressures such as labour markets and housing. This change should be recognised as a positive step towards getting more equitable funding.

39 Main findings: children's social care in England 2025, Ofsted Official Statistics (5 August 2025)

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More data would improve our understanding of the system

There remain a number of areas where the published national data does not give us enough information to understand the full picture. To effectively monitor what is working for families and children, it is essential to fill some of these gaps, particularly in three areas:

- **Universal services:** There is currently no standardised data available on which universal services are being offered in different local authorities across the country, or the effectiveness of these services at identifying needs and providing support.
- **Referrals assessed as 'not in need' or 'no further action':** For a child who is assessed as not eligible for support, there is a lack of consistent data available on the reasons for referral, the reasons for the decision or what happens next beyond re-referral rates at 12 months. This data would enable us to better understand when and why opportunities to provide early support are being missed and potentially reduce the number of rereferrals by helping families with other services.
- **Demographics of children:** We saw that rising numbers of older children in care are contributing to additional costs but were unable to fully analyse what is causing this. More detailed demographic data about looked after children, their journeys through the system and the complexities of their needs would support a better understanding of the changes in the care population over the past 15 years.

Alongside this data, there is an ongoing need to further strengthen the evidence on how earlier intervention to support families can help to improve children's outcomes and reduce risks of harm. Designing this evaluation in now, as services are being introduced and expanded, will help to build a credible, sustainable business case for earlier support that will help to reduce the risk of a repeat of the cycle we've seen over the past 15 years.

Turning ambition into outcomes

This report continues the narrative of the previous analyses in the series: the shift in spending from early intervention to late intervention has contributed to deteriorating outcomes for families and communities across England. This has contributed towards an upward cost spiral, adding more pressure to budgets for earlier support.

The UK government has responded to this and stated that children's outcomes are a priority, backed up with recent policy announcements and funding pledges in England. We hope that this is a turning point for improving outcomes for children following the recent worsening trends.

This attempt to rebalance the system is welcome; however, continued monitoring will be needed to establish if it is enough to mitigate systemic pressures after more than a decade of reductions in spending on early intervention services. The rising needs for local authority care, the spiralling costs of care placements, the constant resulting squeeze on early intervention budgets and diverging experiences of communities across different local authorities are all presenting major challenges that will make this rebalancing difficult.

Ultimately, this is about improving the lives of children and families in England who are in need of support. Success should be judged by whether increased investment in early intervention translates into better outcomes for children and families. Over time, this should reduce the number of families reaching crisis point, improve placement stability for children in care, and reduce avoidable escalation into the child protection and youth justice systems.

It is encouraging to see the significant progress that has been made on investing in children's services and rebalancing the amount of funding to early intervention. While it is too early to see the effects of this, we will continue to monitor the data to assess whether additional funding is leading to meaningful change in practice.

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