INSTITUTE FOR GOVERNMENT

Fixing the broken children's social care market
Methodology

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

Our data

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.

We conduct all time-series analyses from 2010 onwards wherever possible. However, as explained below, data limitations prevent this in some cases. All cross-sectional analyses are conducted using the most recent year for which data is available.

Children looked after in England including adoptions

Most of our data on children in care in England comes from the Department for Education's (DfE's) release 'Children looked after in England including adoptions',[1] and are snapshots from 31 March each year. These figures exclude children looked after under a series of short-term placements.

To calculate the rate of children in care per 10,000 children, we divided the number of children in care as at 31 March of each year (from the dataset described above) by the number of 0–17-year-olds from the ONS mid-year population estimates. [2] We matched, for example, mid-2010 population estimates with March 2010 care figures. For the 2025 care figures, we use mid-2024 population estimates, as ONS population estimates for 2025 had not yet been released at the time of writing.

We classify children living in secure homes, children's homes and supported accommodation as living in residential care. 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.

The start date of our time series varies depending on data availability and consistency. For children's age (Figure 3) and provider type (Figure 22), the series begin in 2011 because the 2010 underlying data release does not include information on these variables.

For placement type (Figure 5), the series begins in 2016. This reflects revisions to placement codes introduced in 2015, which affected the classification of foster placements and the "missing or away from placement" category. In addition, from 2016 onwards, Ofsted unique reference numbers were collected for certain placement types, leading to corrections in earlier years' data where children remained in the same placement over multiple years.

For placement distance (Figure 15), the series begins in 2015 as earlier data releases do not include this variable at a national level. Local authority- and regional-level data are only available from 2017, which explains the start date of the time series shown in Figure 16.

Children looked after: A focus on placement location

We use an ad-hoc data release from DfE to get more granular information on the placement distance of children in care: DfE, 'Children looked after: A focus on placement location, Reporting year 2024'.[3] This dataset provides a snapshot as at 31 March 2024 and is not available for 2025; accordingly, all cross-sectional analyses using this data relate to 2024. The data also excludes children looked after under a series of short-term placements.

Fostering in England

We use Ofsted's 'Fostering in England' data releases[4] for analysis on fostering provision in England (i.e. the number of approved foster places or approved fostering households). This data is also taken from snapshots on 31 March each year, except when analysing foster carer joiners and leavers (Figure 27), for which the data covers the full financial year.

All time-series analyses using this data (Figures 4, 8, 27) begin in 2018 as this is the first year in which the data allow mainstream foster carers to be differentiated from family and friends foster carers. For ease of comparison with Figure 8, Figure 9 also starts in 2018, despite not using this dataset.

Children's social care in England

We use the underlying data from Ofsted's 'Children's social care in England'[5] releases to get data on places in residential care. This data also comes from snapshots on 31 March each year. We exclude places used for short breaks only, and include only settings with active registrations.

Unregistered children's homes: Transparency data

Ofsted released transparency data in 2024[6] covering the number of investigations and confirmed cases of unregistered children's homes between 2020/21 and 2023/24 – explaining why the time series in Figure 11 begins in 2020/21. We extend this series using data for 2024/25 from Ofsted's 2024/25 annual report.[7]

Spending data

We use three sources of data to capture spending on children's social care: DfE's 'LA and school expenditure'[8] release; the Ministry of Housing, Communities and Local Government's (MHCLG's) 'Local authority revenue expenditure and financing England'[9] release; and DfE's 'Local Authority Interactive Tool (LAIT)'.[10]

To estimate the real cost of public spending, we deflate government spending figures to 2026/27 prices using the GDP deflators published by the Office for Budget Responsibility (OBR) in the Economic and Fiscal Outlook from November 2025.[11] To better reflect the underlying inflation conditions present in 2020/21, we estimate our own figures by generating a mid-point that averages across values from 2019/20 and 2021/22.

Figure 24 uses the MHCLG spending data to generate figures for spending on children's social care that are directly comparable to wider local authority spending figures. The numerator is net current expenditure on children's social care, the denominator is the sum of net current expenditure on highways and transport services, adult and children's social care, housing services (GFRA only), cultural and related services, environmental and regulatory services, planning and development services, central services and other services. The denominator excludes spending on education, public health, police and fire services and spending from the Better Care Fund – areas of local authority spending where funding is essentially ringfenced.

The time series begins in 2011/12. In 2009/10 and 2010/11, local authorities received funding from the 'Valuing People Now' programme, which was spent on a range of services including children's social care, but spending is not split out by service.

We use data from the interactive tool for Figure 23, as this is the only source where we have more precise figures on unit costs. The time series begins in 2016/17, which is the earliest year available in the interactive tool.

Institute for Government interviews

For this report, we conducted around 15 interviews with various relevant stakeholders, including subject experts from civil society organisations, civil servants and frontline staff.

Regressions

Throughout the report, we use multivariate regression analysis to identify relationships between variables. These regressions do not let us say that one variable causes another, but they do let us see if a high level in one variable tends to occur with a high or low level in another. All regressions presented below use upper-tier local authorities as the unit of analysis.

Regression tables included in this report should be interpreted as follows:

- The dependent variable (the factor being measured) is listed along the top of the table. There is always exactly one dependent variable per regression.
- The independent variables (the factor we are testing the effect of on the dependent variable) are listed in the 'Independent variable' column. There is more than one independent variable per regression.
- At the intersection between an independent and dependent variable is the coefficient on that independent variable. This shows the unit change in the dependent variable associated with a one-unit higher independent variable, holding all other independent variables constant.
- We use asterisks and dots to represent the level of significance of an independent variable, as determined by the p-value from our regressions. Three asterisks signify the highest level of significance and one asterisk the lowest. o The thresholds are as follows:

  * $0.01 < p < 0.05$

  ** $0.001 < p < 0.01$

  *** $p < 0.001$

  A dot signifies that a variable has fallen just short of significance ($0.05 < p < 0.1$).

M1

We ran an ordinary least squares regression of the change in the proportion of children in care living in supported accommodation between 2020 and 2025 on changes over the same period in: the rate of children in care, the proportion of children in care aged 16 plus, the proportion of children in care that were unaccompanied asylum-seeking children (UASC), the proportion of children in care living in secure homes and children's homes, and the proportion of children in care living in 'other' provision (defined here as placements that are not secure homes, children's homes, supported accommodation or foster care).

The analysis uses 2020 as the baseline year because earlier data do not distinguish secure homes and children's homes from supported accommodation.

Regression 1: Change in the use of supported accommodation on change in the characteristics of children in care, between 2020 and 2025

Note: All variables are expressed as changes between March 2020 and March 2025.

Independent variables	Children in care in supported accommodation (%)
Children in care that are UASC (%)	0.2515***
	(0.0545)
Children in care aged 16 or over (%)	0.2627***
	(0.0579)
Children in care in secure homes or children's homes (%)	-0.0301
	(0.067)
Children in care in 'other' provision (%)	-0.1664**
	(0.0551)
Children in care per 10,000 children	0.0221
	(0.0177)
Constant	-0.0636
	(0.3035)
Observations	146

Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025. • Notes: Ordinary least squares regression. 'Other' provision here is defined as any placements that are not secure homes and children's homes, foster care or supported accommodation. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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We then use this regression and set the change in the proportion of those aged 16 plus equal to 3.2 and the change in the proportion of those that are UASC to1.6 (the national percentage-point increases in those demographic group between 2020 and 2025), and all other variables equal to zero. The predicted change in the use of supported accommodation was 1.2 percentage points, when the real national change was only 1.1 percentage point.

M2

This is the same regression as above, but with supported accommodation switched with secure homes and children's homes. Neither the age, nor the UASC variables are statistically significant.

Regression 2: Change in the use of children's homes on change in the characteristics of children in care, between 2020 and 2025

Note: All variables are expressed as changes between March 2020 and March 2025.

Independent variables	Children in care in secure homes or children's homes (%)
Children in care that are UASC (%)	-0.0546
	(0.0735)
Children in care aged 16 or over (%)	0.0758
	(0.0779)
Children in care in supported accommodation (%)	-0.0478
	(0.1064)
Children in care in 'other' provision (%)	-0.147*
	(0.0706)
Children in care per 10,000 children	0.0417.
	(0.0222)
Constant	2.6216***
	(0.3119)
Observations	146

Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025. • Notes: Ordinary least squares regression. 'Other' provision here is defined as any placements that are not secure homes and children's homes, foster care or supported accommodation. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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M3

We ran an ordinary least squares regression of children's home places per 10,000 children in 2025 on median house prices in 2025 and children from the area living in children's homes, per 10,000 children in 2025.

The dependent variable is the number of children's home places contained within a local authority as at 31 March 2025, divided by the number of 0-17 year olds in that area expressed per 10,000 children. House prices are measured as the median price paid for all dwelling types in the year ending March 2025. The other independent variable is the number of children in the care of a local authority who were living in children's homes as at 31 March 2025; these placements may be located outside the authority's own area.

Regression 3: Children's home places on house prices and reliance on children's homes, 2025

Independent variables	Children's home places per 10,000 children
Median house price (£10,000s)	-0.2017***
	(0.000)
Children from the area living in children's homes, per 10,000 children	0.4402**
	(0.159)
Constant	14.6115***
	(2.5311)
Observations	150

Source: Institute for Government analysis of Ofsted, 'Children's social care in England 2025 underlying data'; DfE, 'Children looked after in England including adoptions', 2025 and ONS, 'Median house prices for administrative geographies', year ending March 2025. • Notes: Ordinary least squares regression. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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M4

This is the same regression as M3, but median house prices have been switched for median hourly pay, measured as the median gross hourly pay for all employee jobs in 2025.

Regression 4: Children's home places on hourly pay and reliance on children's homes, 2025

Independent variables	Children's home places per 10,000 children
Median hourly pay (£)	-1.0965***
	(0.271)
Children from the area living in children's homes, per 10,000 children	0.5587***
	(0.1519)
Constant	26.4301***
	(5.4553)
Observations	148

Source: Institute for Government analysis of Ofsted, 'Children's social care in England 2025 underlying data'; DfE, 'Children looked after in England including adoptions', 2025 and ONS, 'Earnings and hours worked, place of work by local authority: ASHE Table 7', 2025. • Notes: Ordinary least squares regression. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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M5

This is the combination of M3 and M4 (controlling for both median house prices and median hourly pay). In this final regression, median hourly pay becomes just insignificant at the 95% level.

Regression 5: Children's home places on house prices, hourly pay and reliance on children's homes, 2025

Independent variables	Children's home places per 10,000 children
Median house prices (£10,000s)	-0.1462**
	(0.0097)
Median hourly pay (£)	-0.5971.
	(0.327)
Children from the area living in children's homes, per 10,000 children	0.4113*
	(0.1592)
Constant	23.6666***
	(5.4512)
Observations	148

Source: Institute for Government analysis of Ofsted, 'Children's social care in England 2025 underlying data'; DfE, 'Children looked after in England including adoptions', 2025; ONS, 'Earnings and hours worked, place of work by local authority: ASHE Table 7', 2025 and ONS, 'Median house prices for administrative geographies', year ending March 2025. • Notes: Ordinary least squares regression. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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M6

This regression is a two-way fixed effects model, with the local authority as the unit of analysis. This means it accounts for enduring local factors (things like deprivation, or land area) and trends that have affected all local authorities (such as economic shocks or increases in which children are coming into care).

It uses data between 2020 and 2025 – 2020 is the first year that we have data on secure homes and children's homes split in the way we use for this regression.

The dependent variable is the proportion of children in care living more than 20 miles away from home, the independent variables are the proportion of children in care in privately-provided placements, in secure homes or children's homes, and the rate of children in care per 10,000 children in the area. All variables are as at 31 March each year.

Regression 6: Children in distant care placements on rate of children in care and reliance on private provision and children's homes

Independent variables	Children in care living more than 20 miles from home (%)
Children in care in privately provided placements (%)	0.0642.
	(0.0329)
Children in care per 10,000 children	0.0451*
	(0.0208)
Children in care in secure homes or children's homes (%)	0.4173***
	(0.0747)
Observations	839

Source: Institute for Government analysis of DfE, 'Children looked after in England including adoptions', 2025. • Notes: Two-way fixed effects regression, using data from 2020 to 2025. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors are clustered at the local authority level and are in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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M7

We ran an ordinary least squares regression of distant placements on housing density, house prices and labour prices. Both housing density and house prices are highly significant (p-values < 0.001) and hourly wages are moderately significant (0.001 <p-value < 0.01).

Regression 7: Children in distant care placements on housing density, house prices and hourly pay

Independent variables	Children in care living more than 20 miles from home, 2025 (%)
Housing density, 2024	-0.5056***
	(0.0716)
Median house prices, 2025 (£10,000s)	0.238***
	(0.0645)
Median hourly pay, 2025 (£)	1.1576**
	(0.4247)
Constant	-0.592
	(6.6039)
Observations	147

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, 'Earnings and hours worked, place of work by local authority: ASHE Table 7', 2025 and ONS, 'Median house prices for administrative geographies', year ending March 2025. • Notes: Ordinary least squares regression. See the Methodology for more detailed definitions of variables. Upper-tier local authorities are the unit of analysis - the City of London, the Isles of Scilly and Rutland are excluded due to small care population sizes. Standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, · p<0.1.

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Distant placements are measured as the proportion of children in care who were living more than twenty miles away from their home on 31 March 2025. Housing density is measured as the number of dwellings per hectare in 2024 – the most recent year for which there is data. House prices are measured as the median price paid for all dwelling types in the year ending March 2025. Labour prices are measured as the median gross hourly pay for all employee jobs in 2025.

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