**“When Markets go wrong: how private sector outsourcing failed children in care in England”.**

**Do care markets respond to need in children’s social care? An observational analysis of children’s homes in England 2014-2023.**

**Profit motivation and care sufficiency. An observational study of children’s social care privatisation in England 2014-23.**

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## Research in context

**Evidence before this study**  
Children in care in England are increasingly placed outside their local area, often in unregulated placements that fail to meet their needs. The independent regulator has described the children's social care market as "dysfunctional," with frequent placement disruptions disproportionately affecting vulnerable children. Previous studies have documented the rise in for-profit provision and declining local authority resources, but the relationship between profit motives and geographical distribution of services remains poorly understood.

**Added value of this study**  
This study provides the first comprehensive analysis of children's homes openings and closures in England from 2014-2023, following an extensive process of ownership categorisation to identify investment, corporate and individually owned homes. By categorising providers according to ownership structures and profit motives, we identify systematic differences in location decisions between provider types. Our novel dataset combines children's homes registration data with local authority placement statistics to assess the relationship between area need, provider characteristics, and service distribution.

**Implications of all the available evidence**  
Our findings have direct implications for understanding how care markets operate, as we show that privatised provision can correspond with less accessible care. Our results also have large implications for debates about how to design policies to improve under-regulated care markets. We find that all types of profit-motivated provision deliver worse quality and less accessible care – and that this is not something which is only true of companies run by private equity companies. Suggesting that legislation will need to control all forms of private provision, not just extreme cases.

## Abstract

**Background:** The provision of residential care for looked-after children in England has become increasingly privatised, coinciding with reports of placement shortages in areas of high need. This study examines whether the children's residential care market responds effectively to geographical need, and whether profit-seeking behaviours influence the location decisions of different provider types.

**Methods:** We analysed comprehensive data on all children's homes in England between 2014-2023, categorising providers as local authority, third sector, investment-owned, individually-owned, or corporate-owned. We operationalised area need through "net loss" measures—the difference between children placed outside versus inside each local authority. Using Bayesian hierarchical models and longitudinal panel analyses, we assessed the relationship between area characteristics, ownership structures, and children's home locations, controlling for area deprivation, population density, and demographic variables.

**Findings:** We find that a third of children’s homes are owned by investment firms in England – more than double the rate in 2014. We find that the private market is not responding to area need in children’s social care. In fact, we find that children’s homes run for-profit are more likely (1.136 lower log odds [95% CI: 0.625 to 1.642]) to operate in areas of low need, relative to public-owned homes. We also find that children’s homes operating in low need areas make higher profit margins, on average.

**Interpretation:** We conclude that the doubling of for-profit provision of children’s homes has resulted in a less accessible service, worsening systemic issues of sufficiency. We argue that if health and care systems are to be best designed to respond to care need, then profit motives should either be eradicated, or very closely tied to the needs of users.

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1. **Introduction**

Children in care in England are increasingly placed outside of their local area, in unregulated placements, or aren’t receiving the kinds of care they need (1,2). The poor provision of these services has led to the independent regulator of markets describing the sector as “dysfunctional” (3). The consequences can be severe, children in care have their lives disrupted with many placements moves, and often end up living far away from their families and support networks and are criminalised at extensive rates (4). The reasons for this development are heavily contested, with some blaming the rise in for-profit provision, and others blaming market regulation and funding.

What is this crisis of care provision? Often termed ‘sufficiency’, the levels of needed provision aren’t available. In England, children in care are primarily placed in foster care, children’s homes, or are adopted by families – all of which are reportedly undersupplied (5). Services are funded by Local Authorities (England’s local government jurisdictions), then it is the duty of Local Authorities to commission services from a competing market of private and public providers. The number of children in care has increased by 30% since 2010 – but during the same time, the real terms spending power of LAs has declined (6). The prospects, then, for LAs to invest capital in creating new publicly-owned provision is limited. In lieu, LAs have turned to the private market – but this has failed to resolve the sufficiency issue and the problems around placement quality have worsened.

One particular issue pertains to the children’s homes market – qualitative accounts report that residential services are too often located in rural areas (7). And then, children are forced to move many miles from home to be placed in children’s homes, losing touch with their support networks, social workers, and family. In theory, private markets are argued to be more responsive to consumer need than public services – so why has it gone wrong for children’s social services?

Answers as to why the market is failing to deliver the necessary services are contentious. Some suggest that the market has inverse incentives, higher profit-motive from for-profit children’s homes providers means they are locating in cheaper areas to maximise profits. Others suggest that the market isn’t the issue, but rather commissioning, the matching of children to the right placement, and planning and licencing regulations limiting supply have resulted in less ideal services for children in care (8).

This is the puzzle of this paper – is the market responding to need and providing services where they are needed? And if not, does profit-seeking mean children’s homes are opening where they aren’t needed? This is of huge importance, because the answer could clarify whether the solution is to liberate the private market – or reign it in. The paper answers this by looking at a data resource identifying complete openings and closures of children’s homes in England 2014-2023. We first categorise and test children’s homes companies according to theorised profit-motive. Before assessing the relationship between this and the homes’ locations.

* 1. **How do outsourced care markets meet need, theory and practice**

Many health and social care services have been marketised in high-income countries. Creating a purchaser-provider split has been implemented with the intention of utilising competition as the driving force of innovation, quality, and cost-efficiency (9). Proponents of this move argue that an outsourced market varies provision in a way that allows consumers to choose, and the best services to prosper. The arguments often rely on economic theory, around the behaviour of rational actors in ideal market systems.

However, care markets have many distinctive features that sometimes make competition less evidently desirable. First, competition needs easily measured and widely known measures of quality (10). This is often not the case in care markets where quality is a complex concept and the communication of quality is often obscure to ‘consumers’ of these services (11). Second, the costs of service failure are much higher. A market functions through variation – good services thrive, bad services fail. But if a care service fails, this has huge implications on the lives of the users. Receiving poor care, and experiencing disruption to care can be deadly in many cases (12,13). Moreover, variation intrinsically involves inequality in service provision – maybe this is desirable in fulfilling specialised needs, but it is also likely to result in some people systematically receiving poorer care than others (14). Third, the ability of consumers to choose different services is constrained in many ways. Often there are public commissioners assigning service provision, and changing service may not be a feasible option for people with acute care needs (11).

Children’s social care in England functions in a particularly distinctive way, in that the child’s preference is often not the determining reasons for a service being chosen. There is often limited or no choice between different services, limited opportunity for the children to feedback on the services publicly, and no self-funded market for people to be ‘voting with their feet’. As such the market dynamics are intended to function primarily through the processes of local commissioning. But the demands on commissioners to shape their local market are often extreme and Local Authorities frequently report difficulty ensuring the market is providing adequate care in their area (5).

Without the right incentives, markets are then theorised to prioritise financial gain over quality. England’s children’s social care system had no cap on financial activities, no price-setting function or tariff, and no standardisation on pay conditions. All of which, at least in theory, means there is the potential for profit to be extracted at the expense of quality. Whether or not this is happening in England’s children’s social care market is a heavily contested empirical question which this paper seeks to address.

**1.2. For-profit provision in England’s children’s social care**

Children’s homes and fostering services are increasingly run by for-profit providers in England. This trend is related with the worsening of care quality – a phenomenon attributed to the different, and potentially cost-cutting, behaviours of profit-motivated providers (2,15). The commercialisation of this particular service has more political provocation than most, given the risk it is perceived to run for children, many of whom have experienced severe trauma and are in positions with minimal power. Ethically too, many are concerned with the creation of financial surplus, at the direct expense of children in care. And the policy responses are beginning to be implemented, with Wales banning for-profit provision and England proposing capping profits.

Two major debates exist: first is a debate around mechanisms. For-profit care coinciding with worse quality placements does not necessitate that for-profit providers are the source of the issue. Potentially, they could do different kinds of services, which makes comparison difficult – either underestimating the difference, or potentially over-estimating it. There could also be a selection effect whereby the worst quality public providers have ceased to operate because of the competition from the private sector. To identify the impacts of ownership and outsourcing on the quality of care, researchers can turn to a few different strategies, they could identify quasi-experimental settings. Or the strategy of this paper is to identify mechanisms of impact. If it is the case that for-profit provision is causing worse outcomes, we would expect to see profit-seeking behaviours in the sector, for example, locating in areas with low need for provision.

The second key debate for the service is about whether the categorisation of “for-profit” provider hides lots of variation between different kinds of companies – effectively those with interest in social good, and those without. Is it the case that outsourcing to all for-profit providers is bad, or whether if the service was constrained to a sub-type of for-profit provision? Again, this is one of the contributions of this paper, categorising different children’s homes providers according to a more complex organisational structure – differentiating according to ‘independent-owned’, ‘corporate-owned’, and ‘investment-owned‘ companies.

These are the two debates this paper seeks to address: are placements worsened by for-profit provision? And can we identify this in providers with theoretically the strongest profit motives.

1. **Objectives**
2. To test whether the residential market in children’s social care is responding to area need.
3. To test whether profit-motive is related to care home location.
4. To test whether the geographic determinants of care home quality and profitability.

**3, Methods**

* 1. **Data**

We categorise children’s homes into different ownership categories: “Local authority”, “Third sector”, “Investment owned”, “Individual owned”, and “Corporate owned”. To achieve this we analyse the shareholders, persons of significant interest and global owners across the entire corporate group of each organisation reported by Ofsted to run children’s homes. We analyse over 5 million different combinations of shareholders and owners from FAME (16). For a full description of the process, a decision tree, and a list of the manual, and systematic checks we conducted during double-coding of ownership categories see appendix (ax - ax).

We operationalise a concept of area need through the measure of “net loss”. We requested from the DfE access to data reporting each Local authority’s net loss for children living in children’s homes 2014-24. This is a measure of all the children placed outside the local authority boundary subtracting the number of children placed, by any authority, within a local authority boundary. The way we are operationalising this measure is assuming that if there are a high number of additional children placed outside your area than within, then there is effectively an ‘undersupply of provision and the area need is highest, and vice versa if an area doesn’t have a net loss and gains children, then there will be an oversupply of provision in that area. We present a comparison of this variable with other measures in appendix (ax).

We create two datasets, one at Local authority region level – where we count the number of children’s homes and places in each area and append a number of control variables including, area deprivation, population density, and demographic variables. We also produce a children home level dataset with home characteristics such as age (how long the home has operated), and chain size. We present a full list of variables, data sources, descriptive statistics, and definitions in table ax in the appendix.

A full data and coding library is available at https://github.com/BenGoodair/Care-Markets for reproduction of all analyses in this paper. All data is openly published there – except for the underlying ownership and accounting data which was obtained through a FAME licence which does not permit sharing. However, to allow for reproduction of our code for ownership categorisation, we also provide a synthetic exemplar dataset and output for comparison.

* 1. **Analysis**

We conduct a three-stage analysis. First, we descriptively analyse the patterns of children home provision, regional need for children’s homes, and the profit margins of children home companies. This will describe the market and assess whether it is responding to need – or whether conditions are worsening over time.

Second, we transform our data into aggregated regional data by counting the number of children’s homes in each Local authority. We do this to conduct longitudinal models to evaluate whether changes over time are corresponding with area need variably by children home characteristics. We pool our panel data because we are interested in understanding the variation across Local Authorities, given that is where our variation is theoretically located. In our panel regression model, we regress changes in counts of children homes against area need and we control for a range of potential confounders to the relationship between placements and need, including demographic density and age. We cluster our standard errors robustly, using small n-adjustments (17).

Third, we run multi-level, multinomial regression models, to estimate how area-level conditions predict children home characteristics of ownership, profitability, and quality. These models allow us to estimate the effect of between-LA variance on children home characteristics, whilst accounting for the hierarchical nature of the data with children’s homes nested within Local Authorities. We use a range of estimation techniques, including Bayesian hierarchical models, simple multilevel models, and bivariate multinomial models. We prefer the Bayesian model, because it allows us to model the hierarchical data but is more flexible and efficient in converging with complex multinomial models. We use these regressions to still operationalise frequentist statistical reasoning, assessing the likelihood of relationships being zero given a sampling distribution. We analyse whether area need, wages, house prices, and demographics predict the sector, profit-margins, and quality of children’s homes.

* 1. **Sensitivity and robustness checks**

We provide a range of sensitivity checks to our regression models, systematically adjusting our variables and control variables, so we present the results for all possible combinations of our regression and all possible transformations of our main dependent variable, area need.

We also run a falsification test, to test whether planning application leniency explains the differences in opening patterns. Perhaps, councils are obstructing the opening of children’s homes variably by sector. To test this, we repeat our regressions using care homes registered to serve people over the age of 65. We would expect ownership differences in adult care homes to be unrelated to need for children homes – unless both are caused by some confounding variable. We also control for political party affiliation in our model.

We change the reference category in our multinomial model, to test differences between different for-profit models. We convert our quality measure into a binary variable of ‘ever rated inadequate’ to identify homes which have at any time delivered really poor care.



1. **Results**

Our data identifies 3,609 unique children’s homes which operated in England between 2014 and 2023. Of these, 1,033 can be linked to ownership by an investment company; 677 to a corporate firm; 988 to family or individual ownership; 272 to charity ownership; and 629 to Local Authority ownership – with the rest either unlinked for-profit, or nuanced ownership types (see appendix ax). However, in the last 10 years, the number of for-profit homes have more than doubled, whilst the number of publicly owned homes has declined (see figure 1, panel A).



Figure 1, panels B and C, details the worsening of residential care sufficiency in England since 2014. The percent of children being placed outside their local authority to receive care has increased by 10 percentage points (Panel B), whilst a few Local Authorities are seeing extreme values of over or under supply (Panel C).

Theoretically, it could be expected that investment-owned children’s homes should be the most profit-motivated and the worst quality of provision. Figure 1, panels D and E, show that in fact, children’s homes owned by individuals are making the largest profits, and receiving the worst inspection ratings on average. We test for the statstical significance of these relationships in Appendix (axx), and find that XXXXX.

**Figure 1 – Changes to residential children’s social care in England 2014-24**

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Table 1 shows that Local authority and third sector owned children’s homes are higher rated on average, but also much more likely to have closed down, compared to the for-profit models of provision. This may raise concerns that the shift in provision towards the private market has not ensured the best quality provision being protected.

Table 1: Descriptive statistics of children’s homes in England

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| ****Table. Children Home and Area Characteristics**** | | | | | | |
| **Variable** | **N** | **Ownership** | | | | |
| **Local Authority N = 639***1* | **Third sector N = 272***1* | **Individual owned N = 988***1* | **Corporate owned N = 677***1* | **Investment owned N = 1,033***1* |
| Children Home Characteristics | | | | | | |
| Quality (average inspection score) | 3,530 |  |  |  |  |  |
| Mean (Median) |  | 3.02 (3.00) | 2.96 (3.00) | 2.82 (3.00) | 2.91 (3.00) | 2.95 (3.00) |
| N Non-missing |  | 606 | 259 | 975 | 666 | 1,024 |
| Age of Home (months) | 3,342 |  |  |  |  |  |
| Mean (Median) |  | 172 (210) | 153 (130) | 92 (63) | 105 (79) | 114 (101) |
| N Non-missing |  | 505 | 210 | 965 | 657 | 1,005 |
| Places (n) | 3,606 |  |  |  |  |  |
| Mean (Median) |  | 5.40 (5.00) | 8.43 (5.00) | 3.50 (3.00) | 3.99 (4.00) | 4.60 (4.00) |
| N Non-missing |  | 639 | 269 | 988 | 677 | 1,033 |
| Closed | 3,609 | 188 (29%) | 106 (39%) | 150 (15%) | 89 (13%) | 172 (17%) |
| Profit margin (%) | 1,351 |  |  |  |  |  |
| Mean (Median) |  | NA (NA) | 2 (2) | 13 (16) | 4 (6) | 7 (9) |
| N Non-missing |  | 0 | 184 | 92 | 171 | 904 |
| Area Characteristics | | | | | | |
| Children in Care (n) | 3,479 |  |  |  |  |  |
| Mean (Median) |  | 2,215 (1,852) | 2,358 (2,031) | 2,379 (2,118) | 2,377 (2,145) | 2,167 (1,852) |
| N Non-missing |  | 625 | 260 | 952 | 648 | 994 |
| Area need (Net loss) | 3,588 |  |  |  |  |  |
| Mean (Median) |  | -9 (9) | -7 (7) | -34 (-4) | -39 (-9) | -46 (-15) |
| N Non-missing |  | 633 | 271 | 983 | 675 | 1,026 |
| Local Authority expenditure  (Residential care, £ms) | 3,588 |  |  |  |  |  |
| Mean (Median) |  | 16 (14) | 16 (14) | 18 (15) | 18 (15) | 18 (13) |
| N Non-missing |  | 633 | 271 | 983 | 675 | 1,026 |
| Median House Price  (Detached, £10ks) | 3,511 |  |  |  |  |  |
| Mean (Median) |  | 38 (29) | 43 (35) | 37 (31) | 35 (29) | 33 (31) |
| N Non-missing |  | 613 | 266 | 969 | 671 | 992 |
| Median Wage (Hourly) | 3,511 |  |  |  |  |  |
| Mean (Median) |  | 14.31 (13.63) | 14.65 (14.23) | 14.30 (13.71) | 14.24 (13.70) | 13.90 (13.50) |
| N Non-missing |  | 613 | 266 | 969 | 671 | 992 |
| *1* n (%) | | | | | | |

Our pooled panel regression models, show that changes to children home counts are in fact largely unrelated to area need (See figure 2, and appendix AX for full model). This supports qualitative accounts that the children’s home market is not responding to need. We find that an increase in 1 standard deviation of area need corresponds with -0.82 [95% CI: -1.92 to 0.28] additional children’s homes. We also find some variation in this relationship between different ownership categories. Area need is statistically significantly negatively associated with changes to individual-owned children’s homes. We find that an increase in 1 standard deviation of area need corresponds with -0.52 [95% CI: -0.08 to -0.96] additional children’s homes. The need for additional children’s homes has not corresponded with more children’s homes in England since 2014, if anything, the opposite appears true.

Figure 2. Relationship between Area need and changes to children home count.

A group of graphs with black dots

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*Caption: Figure presents coefficients from pooled panel regressions. Area need is a lagged by one year All independent variables are standardised. Robust, clustered standard errors with small sample transformaitons are used to calculate confidence intervals. Models include year and regional fixed effects.*  
  
Our multi-level models presented in Table 2 regress area characteristics against children home characteristics and show how children’s homes vary according the area they are located. We find that children’s homes are much more likely to be run for-profit in areas with lower need for children’s homes. Area need negatively predicts the likelihood a children home is individual, corporate or investment owned, relative to Local Authority owned. Further, among private providers, area need negatively predicts the realised profit margin of children home companies. We find that an increase in one standard deviation increase of area need corresponds with the log odds of a children home being independent-owned compared to Local Authority owned decrease by 1.136 [95% CI: 0.625 to 1.642]. We find that area need is systematically related to children home ownership, with Local authority and third sector children’s homes more likely to be located in areas in need of children’s homes. We also find that, among for-profit models, investment-owned are least likely to operate in high-need areas but find statistical insignificance/ significance TBCXXX. comparing the different for-profit types (see appendix XXX).

Table 2. Multi-level regression model of area need and children home characteristics.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Hierarchical Regression Models Examining Predictors of Children Home Ownership and Performance | | | | | | |
|  | **Ownership Type (Multinomial Model)** | | | |  | |
| Predictor | **Reference category for ownership type: Local Authority** | | | | **Performance Metrics** | |
| **Third Sector (Estimate) [95% CI]** | **Individual Owned (Estimate)**  **[95% CI]** | **Corporate Owned (Estimate)**  **[95% CI]** | **Investment Owned (Estimate)**  **[95% CI]** | **Quality (Estimate) [95% CI]** | **Profit Margin (Estimate) [95% CI]** |
| Area Need (Net Loss) | -0.350  [-1.200, 0.496] | -1.136\*\*\*  [-1.642, -0.625] | -1.252\*\*\*  [-1.754, -0.764] | -1.416\*\*\*  [-1.922, -0.925] | -0.022  [-0.068, 0.023] | -2.178\*\*  [-3.837, -0.550] |
| Places | 0.054\*\*\*  [0.029, 0.082] | -0.228\*\*\*  [-0.288, -0.169] | -0.073\*\*  [-0.121, -0.028] | 0.006  [-0.020, 0.033] | -0.002  [-0.005, 0.001] | -0.174\*\*\*  [-0.247, -0.100] |
| Age of Home | -0.004\*\*\*  [-0.006, -0.002] | -0.012\*\*\*  [-0.014, -0.011] | -0.010\*\*\*  [-0.012, -0.008] | -0.009\*\*\* [  -0.011, -0.007] | -0.000  [-0.000, 0.000] | 0.002  [-0.004, 0.007] |
| Children in Care | 0.213  [-0.391, 0.792] | 0.608\*\*  [0.244, 0.977] | 0.684\*\*\*  [0.318, 1.061] | 0.693\*\*\*  [0.335, 1.065] | 0.011  [-0.023, 0.046] | 0.925  [-0.274, 2.156] |
| Local Authority Expenditure (Residential care) | -0.029  [-0.744, 0.739] | -0.579\*  [-1.009, -0.139] | -0.605\*\*  [-1.044, -0.167] | -0.662\*\*  [-1.095, -0.236] | -0.021  [-0.064, 0.020] | -1.252.  [-2.670, 0.152] |
| Median House Price (detached) | -0.003  [-0.287, 0.249] | -0.491\*\*  [-0.853, -0.154] | -0.486\*  [-0.918, -0.120] | 0.065  [-0.140, 0.279] | 0.006  [-0.015, 0.028] | -0.299  [-1.201, 0.607] |
| Median Wage (Hourly) | 0.334.  [-0.014, 0.705] | 0.032  [-0.222, 0.273] | 0.239.  [0.003, 0.487] | -0.026  [-0.294, 0.236] | -0.002  [-0.026, 0.022] | 0.005  [-0.848, 0.865] |
| Number of Previous Inspections |  |  |  |  | 0.043\*\*\*  [0.035, 0.051] |  |
| Regional Fixed Effects | Included | Included | Included | Included | Included | Included |
| Local Authority Random Effects | Included | Included | Included | Included | Included | Included |
| Observations (n) | 3161 | | | | 3128 | 1253 |

We find that children’s homes operating in low-need areas make higher profits. Importantly, we find that area need is statistically insignficant, in it’s relationship to quality of care. increase in one standard deviation increase of area need corresponds with a decrease in the profit-margin of the operating company of 2.781 percentage points [95% CI: 0.550 to 3.837]. We also find that this relationship is comparable when accounting for the different ownership categories in the model (appendix XXX). Importantly, we find that area need is statistically insignficant, in it’s relationship to quality of care. Suggesting that the higher proportion of provision in these areas is not driving up quality. We also find that individual and corporate owned homes are more likely to operate in areas with lower house prices – one alternative explanation for the drivers of market location. Our resulsts are robust to specification type, we present a suite of regression specifications varying the analytical model, variable structure, and covariates in appendix AXXX.

Figure 3: Predicted probability of children home ownership, according to area need.

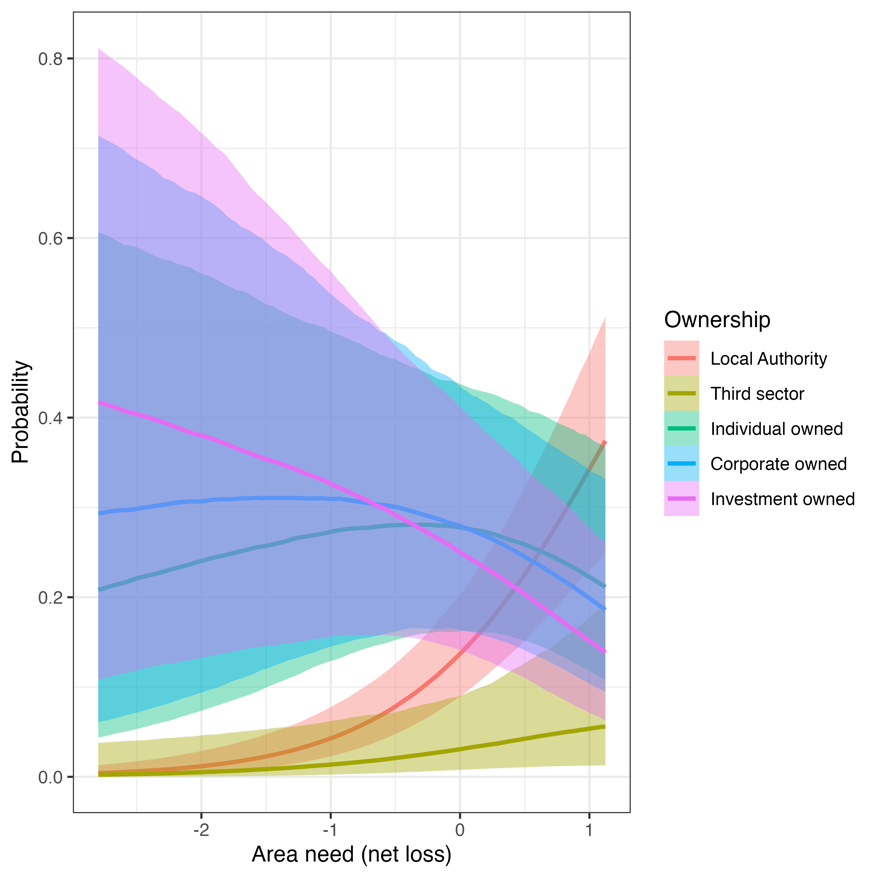


Figure 3 reports the predicted probabilities that a children’s home is a given ownership, given the need of their corresponding Local Authority. It shows, that among the lowest need Local Authorities, the probability a home is run for-profit is near 1. But, among the highest need Local Authorities, it becomes more likely that a children’s home is run by the local council than any other organisation.

**Discussion:**

We find that the children home market is not responding to geographic need and that for-profit owned children’s homes are more likely to operate in low need areas. This finding has large implications for our understanding of the impact of introducing care markets and their likely impact on the users of care services. Our findings suggest that the privatised model of service delivery, through a competitive market, has induced inequalities in provision with sufficiency of services declining year on year.

One of the key debates in the sector is whether issues around delivery of residential care is only caused by a minority of profit-motivated providers – particularly those which are private equity owned. However, our results challenge this assumption, suggesting that all models of for-profit provision are more likely to operate in areas of low need. Indeed, children’s homes owned by individuals or families, are those that make the most profit and receive the worst inspection ratings of all, on average.

These findings have wider implications in understanding the potential functioning of different health and care markets. They suggest that in a context of national market provision – profit-motivated providers of all kinds may be likely to respond according to incentives other than need. We present some results suggesting that house price corresponds with children home ownership. Similar findings have been produced in the adult care home sector too in England – showing that care homes open in places according to financial viability rather than user need. If health and care systems are to be best designed to respond to care need, then profit motives should either be eradicated, or very closely tied to the needs of users.

Many countries are looking to reverse trends in privatisation, which often started in the 1980s – countries like Spain, Wales, and Norway are all implementing some form of national legislation – while England is planning a form of profit-capping of children’s home companies. The results from our study suggest that all forms of for-profit provision have contributed to a market of care that is geographically undesirable. The effect of capping profits may reduce this dynamic, but it seems unlikely to solve it.

There are some key limitations to the conclusions of this study. The first pertains to causality. Data structures requiring a between Local Authority assessment make it difficult to pertain a study that observes causal pathways between area determinants of children home opening an operating. Similarly, alternative hypotheses as to why profit-motivated children’s homes are functioning in low need areas are hard to evidence without qualitative assessments of decision-making processes.

To conclude, children in care in England are increasingly failed by a market of residential provision that is not available where needed. This has corresponded with a doubling of for-profit delivery of these services, and we have shown that it is those providers which are more poorly responding to care need.

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