**“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.**

Target journals: 1) CA&N 2) SS&M 3) PA

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. The poor provision of these services has led to the independent regulator of markets describing the sector as “dysfunctional”. 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.

What is behind 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. 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 actually declined. 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. And then, children are forced to move many miles from home to be placed in children’s homes. 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 profiteering from for-profit children’s homes providers means they are targeting cheaper areas to maximise profits. Others suggest that planning regulations and workforce access make it impossible for all providers to be located where needed.

This is the puzzle of this paper – 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 test whether children’s homes with profit-seeking characteristics (for-profit, chain, private equity status, poor quality ratings) are more likely to open in cheap and low-need areas.

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

Many health and social care services have been marketized in high-income countries. Creating a purchaser-provider split, has the intention of

“Finally, Pork Barrel and Private Power markets constitute a third type of competition, which empowers neither the state nor users but new providers of services. The complexity of public service “products” means that introducing competition among providers without clear contractual speciﬁcation, regulation, or oversight, can give them much autonomy. While encouraging innovation and the rapid growth of the private sector, these markets limit state and user control over delivery, potentially allowing providers to inﬂate costs, or cut beneﬁts.”

1. **Objectives**

**Theoretical estimands:**

1. The number of private sector providers opening children’s homes according to the previous’ years need vs house prices.
2. The number of private sector providers opening children’s homes according to the previous’ years need vs house prices.
3. The number of children placed locally according to openings in previous year.

**Descriptives**

A graph with a line

Description automatically generated with medium confidence

**RQ 1: Does private market investment respond to need or costs?**

**Background:**

* RQ: Do markets respond to need or $$$?
  + Answer is obviously “but ‘need’ should equate to $$$ in a functioning market”
    - But what if it doesn’t…
    - And it fucking well doesn’t…
* Context: National market, children sent a long distance, market has been drowning with gross money incentives, austerity.
* Framing: Children are not commodities – here is why it matters.

**Analysis 1:**

* Are the areas with the most ‘need’ also the ones with the biggest problems? Is the market providing? Descriptive stats on need and sufficiency:
  + Variation in proportion of CLA by LA over time.
  + Children homes vs fostering ratio.
    - Or ratio children in need/ LAC

**Suggested analysis 2:**

* How does this relate to:
  + Children placed out of area.
  + Unregulated placement usage.

**Analysis 3 (maybe):**

* Is the market responding to need? Regression analysis of:
  + Providers opening in the right/wrong place.
    - Closure/openings ~ changes in CLA over time.
    - Closure/openings~ Unregulated placement usage (local need)
    - Closure/openings ~ Children placed out of area (local need)
    - Closure/openings ~ House prices
  + Providers offering the right/ wrong types of services.
    - New provider specialisms ~ change in type of need
    - Foster vs children’s homes
  + Providers accepting/ denying children care.
    - Reasons for end in placements by ownership

**Analysis 3:**

* Does the commodity suffer? Regression analysis of:
  + Local sufficiency -> quality of placement -> missing incidents

**Discussion:**

* Why does it matter? We know the market is failing but is the answer just to make the market freer?... maybe not…
* Solution = a) make care pay or b) burn the market to the ground