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Poverty, child abuse and neglect: patterns of cost and spending

Abstract

This article examines recent data on the costs of poverty, child abuse and neglect (CAN), paying particular attention to contemporary and related patterns of spending in England. The discussion reflects on contemporary patterns of spending, approached in terms of the 'reactive' spending necessary to deal with the short/medium term consequences of poverty, CAN and the 'preventative' spending associated with some interpretations of Early Intervention. The evidence outlined within this article suggests that the financial costs of poverty and CAN are both substantial and associated. Analyses of spending patterns also suggest that, in England, the demand for children's social services is outgrowing expenditure and that expenditure is increasingly 'reactive' and indicative of short term thinking (Jütte et al., 2014). Evidence on the cost effectiveness of Early Intervention, with a focus on working *with* and *supporting* families, rather than child removal, also suggests that current spending patterns are financially inefficient.

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Introduction

This brief article examines recent data on the costs of poverty, child abuse and neglect (CAN), paying particular attention to contemporary and related patterns of spending in England. The evidence presented here was gathered as part of a forthcoming rapid evidence review commissioned by the Joseph Rowntree Foundation to investigate the relationship between poverty, child abuse and neglect (Bywaters et al., forthcoming). This review was also part funded by the Nuffield Foundation. The views expressed within this article are those of the authors, not necessarily those of the Joseph Rowntree Foundation or the Nuffield Foundation.

The costs of child poverty

The total costs of child poverty are impossible to confidently estimate (Hirsch, 2013). This is because nobody can adequately calculate the human, physical and emotional costs of a child growing up without the resources necessary to meet his or her social and material needs. However, child poverty does bear substantial financial costs, incurred broadly through the provision of public services and diminished adult productivity, and these costs can be estimated (Hirsch, 2008). For example, the financial costs of child poverty in Britain are estimated to have risen from £25 billion in 2008 to £29 billion in 2013 and are projected to rise further to £35 billion by 2020, equivalent to about 3 per cent of GDP (Hirsch, 2013). Calculations suggest that roughly half of these costs relate to the diminished productivity of some adults, subject to child poverty, whereas the other half relate to public spending on the services needed to deal with the more short and medium term consequences of child poverty (Hirsch, 2008; 2013).

The Joseph Rowntree Foundation has estimated the financial burden that child poverty places on a wide range of public services (Bramley and Watkins, 2008) in England. Using the best available data

on local spending Bramley and Watkins (2008) found that, of eight service types, including health, education, housing, criminal justice, and personal social services (PSS), PSS spending comprised the greatest concentration of expenditure in deprived areas, over two thirds of which could be attributed to poverty (then £2.4 billion). The costs of children taken into care (Looked After Children) made up the largest proportion of this figure, a group who have longstanding associations with conditions of poverty (Bebbington and Miles, 1989; Bywaters et al., 2014a; 2014b; 2015; forthcoming; Pelton, 2015). Indeed, Bramley and Watkins' (2008: 15) evidence confirmed 'the character of children's PSS as a service which is almost dominated by the effects of child/family poverty', indicating a relationship between the costs of child poverty and CAN.

The costs of child abuse and neglect

Like child poverty, the human costs of CAN are impossible to fully calculate. The financial costs can also be divided broadly into the same two categories: the costs of public service provision and the costs of some people's reduced economic potential subject to CAN (Hirsch, 2008; Saied-Tessier, 2014). However, unlike child poverty, there are currently no adequate calculations of the financial costs of CAN in England or the UK.

This paucity of evidence reflects, in part, the methodological challenges of cost analysis. The relationship between CAN and public service spending is complex and difficult to separate. For example, local authority (LA) spending on PSS does not account for health or criminal justice spending, both of which could be associated factors. Similarly, it is difficult to isolate the effects of CAN from other factors when considering the costs incurred through reduced economic potential and productivity. Because each episode of CAN is unique in its consequences, calculating the service costs of CAN is extremely challenging. Complicating this further, data on the costs of children's services also suffer from issues of reliability. This is principally due to inconsistencies in the way that information is recorded across LAs (Freeman, 2014).

Globally the picture is a little different and some attempts have been made to estimate the annual and longer term costs of CAN. Drawing on data from Australian (Taylor et al., 2008) and American (Wang and Holton, 2007) studies an OECD (2011) report has suggested that the annual cost of CAN is around 1% of GDP respectively. More recently Ainsworth and Hansen (2014: 93) reported that the 'cost of the child protection service in Australia in the financial year 2011-12 was \$A3.0 billion'.

The closest thing to a framework for estimating the costs of CAN in the UK has been provided by the NSPCC. Drawing on existing literature about the cost of child abuse Saied-Tessier (2014) estimated the prevalence costs of child sexual abuse (CSA) in one year. This framework incorporated the costs of mental and physical health care, criminal justice system costs, the costs of providing services for children and the costs of lost productivity to society (from unemployment and reduced earnings). Reflecting on this framework, it is important to recognise that some of the adult costs, incurred through lost productivity to society, may be attributable to the intervention (children being looked after), alongside those resulting directly from CAN. Saied-Tessier's (2014) calculations suggested that the annual financial cost of CSA in the UK was £3.2 billion in 2012/13, driven mostly by lost productivity. However, given that CSA only constitutes a small minority of CAN instances, it can reasonably be suggested that the financial costs of CAN as a whole will be much larger.

Available data on the financial burden incurred by poverty, child abuse and neglect are partial and limited, but they do indicate substantial and associated costs, both in terms of social service provision and lost productivity to society. However, this is still a fairly crude picture. Arriving at a more nuanced understanding about the costs of poverty, child abuse and neglect requires also paying attention to patterns of expenditure.

Poverty, child abuse and neglect: 'reactive' and 'preventative' spending

In their report for the Early Intervention Foundation Chowdry and Oppenheim (2015) estimated levels of local and national spending on 'Late Intervention', responding to the more severe problems that children and young people face. 'Late Intervention' is used as an 'umbrella term for a range of acute statutory services that are required when young people experience significant difficulties in life' (Chowdry and Oppenheim, 2015: 6). Chowdry and Oppenheim (2015) found that nearly £17 billion is spent each year in England and Wales on dealing with: crime and antisocial behaviour, school absence and exclusion, child protection and safeguarding, child injuries and mental health problems, youth substance misuse and youth economic inactivity. Amongst these types of Late Intervention child protection and safeguarding accounted for the largest single item cost, 36% of the total annual spend, including £5 billion per year on Looked After Children (Chowdry and Oppenheim, 2015). Chowdry and Oppenheim's (2015) estimates also suggest that reactive spending on 'Late Intervention' is inefficient compared with preventative spending on 'Early Intervention'. That is, providing Early Intervention programmes are carefully commissioned and implemented with high quality.

Early Intervention has received increased attention over the past 5 years. Since 2010 Jütte et al (2014) identified 84 published UK Early Intervention reports. Political consensus for the development of Early Intervention programmes is also evidenced by the '1001 Critical Days' manifesto (Leadsom et al., 2013). This manifesto draws largely on neurobiological evidence to substantiate the developmental importance of the first 18 months of life, setting out a vision for holistic, anti, peri and postnatal services, assessable to all parents, but particularly those deemed 'at risk' (*see Edwards et al. (2015) for a critique of this neurobiological evidence base*).

The cost effectiveness of Early Intervention has also been supported by research from the Scottish Government (Sturgeon et al., 2010). In a bespoke study that quantified potential savings from early investment in children and families Sturgeon et al. (2010: 3) suggested that in the short term, investing in early years/early interventions from pre birth to age five could produce 'savings of up to £37.4k per annum per child in severe cases and of approximately £5.1k per annum per child for a child with moderate difficulties'. In the long term, Sturgeon et al. (2010: 4) estimated that the 'failure to effectively intervene to address the complex needs of an individual in early childhood can result in a nine fold increase in direct public costs, when compared with an individual who accesses only universal services'.

Indeed, Early Intervention, as a concept, has been embraced by the English, Welsh, Scottish and Northern Irish governments over the past five years. However, over the same period the resources available for Early Intervention programmes have arguably decreased, leading Jutte et al. (2014) to question whether Early Intervention is in fact 'more rhetoric than reality'? This is particularly the case in England. For example, a recently published report by the National Children's Bureau and The Children's Society (2015: 6) shows that in England 'all local authorities saw their early intervention

allocation cut by at least half' between 2010 – 11 and 2015 – 16'. In contrast, a number of Welsh councils actually increased their children's social care budgets for 2011-12 (CIPFA and NSPCC, 2011).

Early Intervention also appears to have been interpreted differently by different governments. For example, it has been argued that the English government have adopted a particularly individualised and punitive approach to early intervention, focused on the early removal of children from parents who cannot respond quickly to parenting goals (Featherstone et al., 2014), rather than supporting families to stay together. Rapid adoption is a key target for LAs. Recent evidence also demonstrates that the number of children who begin to be looked after has risen steadily in England since 2010 (Jütte et al., 2015). These figures can be interpreted as indicative of an increase in demand for children's services, which is likely to be associated with the worsening social and economic circumstances of families affected most by austerity (Jütte et al., 2014). Indeed, a key finding of the review upon which this article is based is that whilst poverty is 'neither a necessary nor sufficient factor in the incidence of CAN' it does have close and circular relationships with a range of other key associated factors, such as parenting capacity, family capacity for investment, negative adult behaviours and external neighbourhood factors (Bywaters et al., forthcoming). Poverty, therefore, can arguably be seen as a contributory causal factor in the incidence of CAN, and measures such as the removal of the 'spare room subsidy', the benefits cap and the increasing use of sanctions against benefit claimants (Dewer, 2013; 2014) have all increased the financial and associated pressures on families in poverty.

Within this social and economic climate the demand for children's services is outgrowing expenditure (Jütte et al., 2014). The increase in 'reactive' as opposed to 'preventative' spending needed to meet this demand has also been considerable. 'Between 2013-14 and 2014-15, care application levels increased by 5%, and figures published so far for 2015-16 show they are continuing to rise, with CAFCASS receiving 11% more applications in April/May 2015, compared to the same two months last year' (National Children's Bureau and The Children's Society, 2015: 19). The cost of residential care, fostering and looked-after services in England also increased by 10 per cent in real terms to £3.34 billion, just under half of the total children's social care budget in England between 2011-12 and 2014-15, against a backdrop of a 2.8% fall in overall expenditure (IFS, private communication). This supports the notion that despite the rhetoric of support for Early Intervention, in practice investment is being transferred from family support to investigation and child removal. This is what Featherstone et al (2014) have called a 'perfect storm', ensued from the coming together of developments around early intervention and child protection.

Conclusion

This brief article has provided an overview of recently published data on the costs of poverty and CAN in England. Adding some depth to this picture the discussion has also reflected on contemporary patterns of spending, approached in terms of the 'reactive' spending necessary to deal with the short/medium term consequences of poverty, CAN and the 'preventative' spending associated with some interpretations of Early Intervention. The evidence outlined within this article suggests that the financial costs of poverty and CAN are both substantial and associated. Analyses of spending patterns have also suggested that, in England, the demand for children's social services is outgrowing expenditure and that expenditure is increasingly 'reactive' and indicative of short term thinking (Jütte et al., 2014). Evidence on the cost effectiveness of Early Intervention, with a focus on

working *with* and *supporting* families, rather than child removal, also suggests that current spending patterns are financially inefficient (Chowdry and Oppenheim, 2015).

The evidence currently available is too sparse to reach confident and robust conclusions. This is surprising. Given that child protection is such a regular news item, and that both the human and financial costs of poverty and CAN are so substantial, surely there should be better knowledge about what is being spent, on which services and with what outcomes for which groups of children? More work needs to be done to develop the evidence base underpinning what is known about the costs of poverty and CAN.

However, based on the available data, it can reasonably be suggested that reducing the incidence of poverty is also likely to reduce the severity, incidence and total cost of CAN. Prioritising support for families to tackle the embedded social problems associated with poverty and CAN is therefore more likely to produce savings in the long run than continuing to ‘fight fire with fire’ through individualised and punitive responses to families facing complex and adverse circumstances. As the Council of Europe Parliamentary Assembly resolved, ‘Financial and material poverty should never be the only justification for the removal of a child from parental care, but should be seen as a signal for the need to provide appropriate support to the family’ (Committee on Social Affairs, Health and Sustainable Development, 2015: 2).

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