The Outsourcing Premium

Sophie Flinders 03.09.2026

What the current crisis in children's social care tells us about the outsourcing state.

Key Points

- Since 2020, local authority spending on children's care placements has risen 20 times faster than the number of children in care has risen. The origins of the current crisis lie in the decade's old transformation of social services into "quasi-markets" where local authorities, who have a legal duty to provide care, must purchase it from a "market" of state, for-profit and voluntary providers.
- Outsourcing of children's social care in this way has led private equity funds, and other types of institutional investors, to dominate the sector. Today, they run one in three fostering placements and one in five children's home placements.
- The outsourcing state has led to an outsourcing premium, where the Government pays more, not less, to outsource services. Private actors ranging from institutional investors to landlords receive windfalls from children's social care.
- The outsourcing of fostering and children's homes placements illustrates two problems with the outsourcing state.
    - Fostering illustrates how private companies can profit from routine social services. The cost to local authorities for private fostering placements has remained relatively stable, only rising 1.5 per cent between 2016/17 and 2024/25. However, the largest four private equity companies have extracted £205 million through interest on shareholder loans since 2020.
    - Children's homes show how state dependency and austerity create conditions for private providers to extract windfall profits. High demand for children's home placements and lack of local authority capacity has allowed private providers to set and charge extortionately high fees.
- To prevent excessive profiteering, the Government has sought to better regulate the children's social care market (in England, as children's social care is devolved). This briefing argues that these existing reforms are inadequate and a better long-term solution is to ban for-profit actors from the sector.

Introduction

Successive governments' preference for market-based delivery of public services has made the children's social care sector extremely profitable for private providers — creating the conditions for financial extraction at scale. By examining the business models of private fostering services and children's homes, this briefing presents two ways in which the outsourcing state fails to provide quality care for children and value to the taxpayer: through financial extraction in fostering and exploitation of diminished state capacity in children's homes. With fostering, original analysis of the accounts of the four largest independent fostering agencies (IFAs) finds that they have paid or reserved £205 million to shareholders since 2020 through shareholder loans — a form of financial engineering that reduces taxable profits while transferring returns to investors — something that profit caps are ill equipped to address. The case of children's homes shows how the deterioration of state capacity, as a result of outsourcing, can be exploited by private interests.

Around 83,600 children are looked after through late intervention care services,[1] where they are placed outside their family home or wider family support network.[2] The majority (56,400) are in foster care[3] while children's homes places account for 15,700. The children's social care market is set up such that local authorities must buy care packages for children from a market of providers including local authorities, voluntary organisations and for-profit providers. Today, the sector is dominated by private equity firms. 11 of the 20 largest providers of children's social care are owned or part owned by private equity funds.[4]

For late intervention services the costs and quantity of care delivered has diverged dramatically. Since 2020, the rise in cost of care placements has far outpaced the increase in the number of children in care.[5] Increasing demand and lack of supply for these services has been exploited by for-profit service providers, with the largest providers "making materially higher profits, and charging materially higher prices".[6] From the private equity firms that dominate the sector to small scale landlords who have converted their private rental accommodation to children's homes[7] — private interests have flocked into the children's social care sector to profit from Britain's most vulnerable children.

Increased costs largely come from children's homes placements, whose weekly costs have risen 64 per cent between 2016/17 and 2024/25 after adjusting for inflation, from £4,731 in 2016/17 to £7,772 in 2024/25.[8] In fostering, costs have remained relatively stable, increasing by 1.5 per cent over the same period. The decline in early-stage interventions — such as parenting programmes and child daycare centres — and fostering placements has meant more children are placed in children's homes. Demand for children's homes is so acute that in 2024, at least 800 children were placed in illegal homes, (illegal because they have not been inspected by Ofsted, the regulator for education and children's welfare).[9]

These high costs are crippling local authority finances. Some local authorities report that children's social care is the biggest financial pressure they face, putting some at risk of insolvency.[10] The spiralling costs of private provision have led the Department for Education to conclude that children's social care is "financially unsustainable". To tackle the crisis, the Government is reforming the sector, including interventions to monitor the financial stability of private providers, cap profits (as a last resort), increase funding for early intervention services as well as increase funding to local authorities to buy and manage children's homes in-house.

While the Starmer government recognised excessive profiteering in the social care sector is unacceptable, it maintained that "there is, and will remain, a place for private profit-making provision" in the sector.[11] However, to put children's social care on a sustainable footing, the most cost-effective solution is to end for-profit provision and give local authorities, and the newly established regional care co-operatives, the power and investment they need to drive improvement. The English government should follow the ambitions of the Welsh government, who are seeking to eliminate profit from care, meaning that children's social care is only provided by the state and not-for-profit organisations.[12]

This briefing outlines the crisis within the current children's social care landscape and traces its roots to the introduction of quasi-markets into the welfare state. It then explains how private equity and other forms of institutional investment came to dominate the social care sector. Then, it describes how private equity companies extract value from the state through providing these services. Finally, it concludes by way of an assessment of the limitations of the English government's reforms to the social care sector, in light of the dominant position of outsourcing firms in their relationship to the state and argues that ending for-profit provision is the only solution to the crisis in children's social care.

The Creation of the Outsourcing State

The conditions for the present profiteering from children's social care has its origins in reforms by the Thatcher government, particularly in its creation of a social care market. The NHS and Community Care Act 1990 and Children Act for England and Wales 1989 transformed the role of local authorities. Prior to this, they provided social care directly, these reforms meant they commission it from a mixed market of state and independent (voluntary and private) providers, creating a "quasi-market"[13] This is a market in the sense that different providers can compete for government revenue, and a quasi- one because, unlike classical markets, the state is the sole purchaser of services and competition is metered through consumer choice. The creation of quasi-markets, in children's social care and elsewhere, crucially, allowed for-profit providers access to the biggest area of non-market activity: the welfare state.

The introduction of the quasi-market was justified on the basis of three claims: 1) that competition between providers would keep costs down, 2) a mixed economy of independent and state providers would give users more choice and 3) that new, independent providers would be more innovative than direct state provision.

These claims drew on the New Public Management doctrine[14] which held that market mechanisms reliably produce efficiency gains that state bureaucracies cannot. Quasi-markets also solved what the then Conservative government understood as political problems. In a 1988 letter from John Moore, the then Secretary of State for Social Services, to Margeret Thatcher, he argued that giving local authorities greater responsibility for community care would take them in the "wrong direction politically" and advocated for increased private sector provision.[15] This turn to private sector provision advanced a political goal of Thatcherism: reducing the power of local authorities. It did not address problems of a lack of accountability or inadequate community support which had been identified in the post-war welfare state. Indeed, not only did the reforms not address these problems, they worsened them: transferring the accountability problem to private actors, rather than solving it.

State Dependence

Through the outsourcing of government services, the state entered into a "co-dependent"[16] relationship with private providers, and one in which those providers are the dominant partner. This is a contradictory process where the government claims that outsourcing delivers value for money and can cut costs, while also requiring the government backed revenue for providing services to be lucrative enough for for-profit actors to bid for them in the first place.

The government's role has shifted from providing services directly to monitoring contracts with private firms who largely rely on taxpayer's money for their income. Now, the government is forced to rely on outsourcing firms to deliver essential services, because they have diminished the capacity to do it themselves, while providers game regulations and push unnecessary care packages to extract the highest possible returns.[17] This dynamic weakens the government's bargaining position with private providers, often allowing them to set the terms and prices of service delivery. Simultaneously, the rise of private equity backed firms and their capture of government outsource services has exacerbated financial extraction. Private equity firms providing and profiting from public services game the limited liability system and use leveraged buyouts to load companies with debt, making them less resilient to change and increasing their risk of collapse.

The state's side of this dependency has two core factors. The first is blame shifting. The government abdicates its political responsibility to govern by outsourcing the responsibility for politically toxic and/or underfunded services — asylum seeker housing is an example of the former and adult social care of the latter. If something goes wrong, outsourcing allows the government to shift blame to the company responsible rather than the government itself. This dynamic is present in children's social care — when children are harmed in private placements, the provider faces regulatory and legal prosecution, but the underlying system of outsourcing remains unchanged.[18] The second factor is capacity loss. As the government continues to outsource key public services, it loses the operational knowledge, specialist staff and infrastructure needed to run services directly. In children's social care, local authority austerity budgets have hollowed out capacity leading local authorities to close children's homes and early intervention services and rely more heavily of private sector provision.

Outsourcing providers rely on government backed revenue streams for their returns. The children's social care sector, like many outsourcing services is not a competitive market. The largest fostering agencies have acquired scores of smaller agencies allowing them to capture a large enough portion of the market and "profit without risk". Demand for fostering is rising so the private equity owners have access to a steady stream of government revenue; the weakened position of local authorities allows firms to set prices and face limited penalties if they choose to exit. Private equity firms enter markets with the aim to maximise returns. For them, the combination of weakened state capacity and sufficient market power to set prices in the children's social care sector presents an opportunity to realise returns to their investors.

The Rise of Private Equity and Asset Manager Capitalism

The creation of quasi-markets alone does not explain how private equity companies came to dominate them. Today, at least one in three fostering agency placements and one in five children's homes placements are run by firms backed by institutional finance — private equity, hedge funds, venture capital and sovereign wealth funds — who have crowded into the children's social care sector with the expectation of healthy returns.

The dominance of institutional finance in children's social care reflects a decades long transformation in how private capital, or savings, are organised and where it seeks returns. The loosening of financial regulations in the late 1970s and early 1980s, including the transfer of pensions from state organised investment to private investment through asset managers, created a "global portfolio glut"[19] where the supply of private capital greatly exceeded demand from non-financial businesses. This oversupply of capital depressed yields in traditional equity and bond securities. In search of higher returns, institutional investors turned to private equity, which seeks returns through leveraged buyouts and the sale of non-financial firms, often stripping assets, reducing wages and cutting staff in the process. This led private equity firms to flood into Britain's privatised infrastructure such as water and energy, as well as outsourced government services, from rubbish collection to health and social care services. Britain's early adoption of the World Trade Organisation's General Agreement on Trade in Services, which mandated international as well as domestic firms the right to compete for public services further opened the floodgates for private equity.[20] Children's social care, with its increasing demand, low state capacity and lucrative contracts, presents an ideal asset class for institutional finance.

How Do Private Equity Firms Extract Value from Children's Social Care?

Outsourcing differs from typical asset classes like infrastructure because returns for private equity firms are made through profiting from government revenue rather than the ownership of assets. Unlike the regulated natural monopolies like water, energy and transport, which require private owners to jump through regulatory hoops to attempt to curb profiteering, entry to social care and other outsourced quasi-markets is straightforward. Unlike private companies, who also outsource parts of their operations, local authorities, NHS trusts and government departments that negotiate contracts with private providers often do not have the expertise to negotiate contracts on favourable terms.[21] The outsourcing of services guarantees income (and profits) for the outsourcer without capital investment or revenue risk.[22]

Fostering and children's home placements face increasing demand. The austerity induced closure of early intervention services and loss of local government capacity more broadly mean that more children are pushed into late state interventions such as fostering and children's homes. In such cases, children who need a place, need it immediately. This dynamic allows private providers, who have significant market power, to set high prices for placements. Local authorities bargaining position is further weakened by the fact that demand for these late interventions far outstrips in-house local authority capacity.[23]

The outsourcing of fostering and children's homes services illustrates two significant problems with the outsourcing state:

- Private fostering agencies show how financial extraction can occur from routine appearing contracts.
- The private children's home market highlights how the decline in state capacity, and successive government's preference for market-based delivery of essential services creates leverage for private providers to accumulate excessive profits.

Foster Agencies

In the Independent Fostering Agency (IFA) sector, private equity firms have opportunistically acquired small voluntary and private fostering agencies to increase their market concentration. This market power allows them to set higher prices for fostering placements. For example, Stirling Square Capital Partners, who own National Fostering Group, the largest fostering group in the UK, have 33 active subsidiaries whose principal activity is the "provision of foster care services".[24] CapVest, the private equity owners of Polaris have eight subsidiaries, whose principal activities range from fostering agencies, adoption agencies and children's services. The acquisition of smaller private children's social care companies has the additional benefit "multiple arbitrage",[25] where private equity funds acquire companies to boost their sale price. Private equity firms often achieve returns through the sale of a company, and companies are valued at multiple of its earnings, meaning that the larger the company the larger the absolute sale margin.

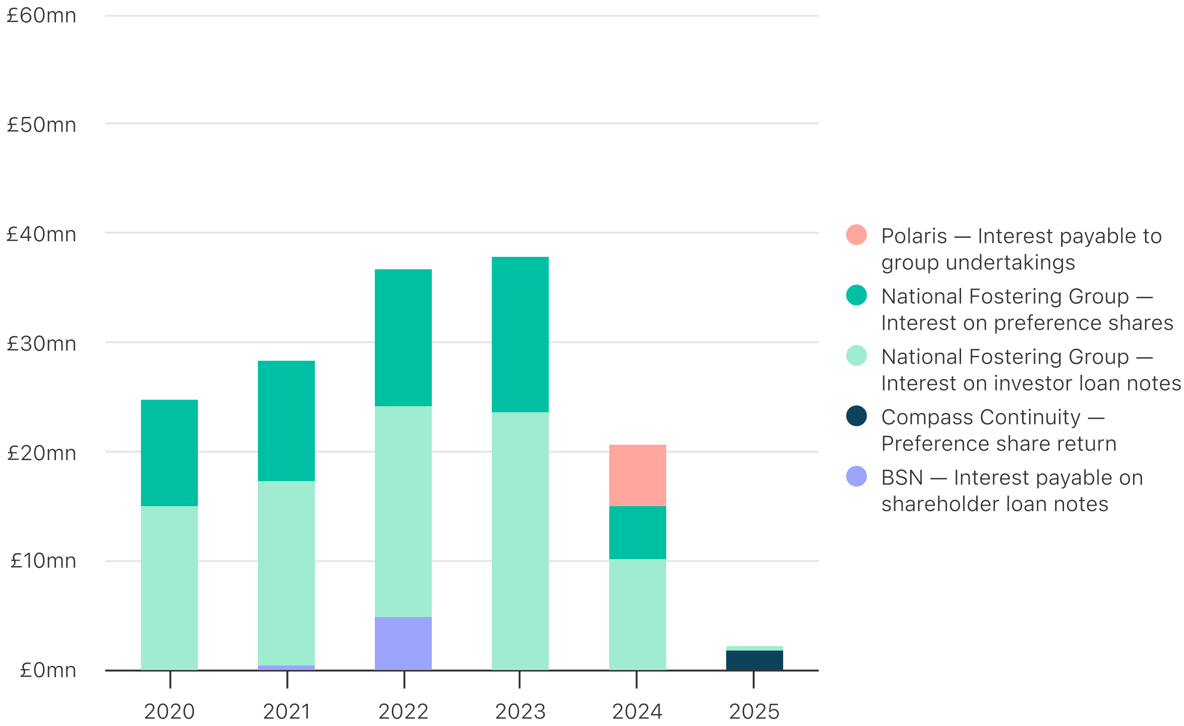
The four largest IFAs are all private equity owned. Our research finds that "the Big Four" paid or reserved funds worth £205 million to their shareholders and investors since 2020 through shareholder loans. Shareholder loans are a debt-based way of extracting value. Shareholders give a loan to the subsidiary company, who must pay that loan back with interest rates that are much higher than traditional bank rates. The Big Four's reported interest rates on shareholder loans range from eight per cent to 14 per cent. Here the interest payments act as an equivalent to dividend payments.

For private equity funds and private companies, shareholder loans have the additional benefit of acting as a tax shield. Interest payments are deducted from earnings, so high interest payments artificially depress taxable profits.[26] This relation creates a steady, high return for the private equity fund and loads the subsidiary company with debt. These debt pressures are the result of financial engineering, not a genuine need for investment and their interest payments often cause companies to empty out their reserves, making them less resilient to changes in external conditions such as government policy reforms and interest rate rises.

A further benefit of shareholder loans for the private equity companies that use them, is that it allows private equity firms like Stirling Square Capital Partners, who own the National Fostering Group, to claim they have "never taken a dividend", despite their declaration of £187 million in interest payments on preference shares and investor loan notes since 2020.[27] Extraction at this scale is sustainable because the underlying business is highly profitable. The 20 largest providers averaged an EBITDA[28] margin of 17.1 per cent between 2022 and 2025.[29]

Figure 1: The Four Largest For-Profit Fostering Agencies Siphoned £205 million to Shareholders since 2020

Interest on shareholder loans, £, financial year end 2020 to 2025



Source: Common Wealth analysis of company accounts for SSCP Spring Topco Ltd, Nutrius UK TOPCO Ltd, Advent Topco Ltd, Liberi Topco Limited, various years. **Note:** Line items included in total: Interest payable on shareholder loan notes (BSN), Preference share return (Compass Community), Interest on investor loan notes (National Fostering Group), Interest on preference shares (National Fostering Group), Interest payable to group undertakings (Polaris).

This calculation is likely an underestimate of the total returns for shareholders, as interest on shareholder loans could be included under the line item "other interest payable and similar charges". For example, in Orange Cloud Topco Limited's 2022 accounts (ultimate parent company of BSN social care) they state that £6,599,644 was deferred to "Interest payable on shareholder loan notes". The following year they restated their 2022 interest payable on shareholder loan notes and other interest payments under one line item "Other interest payable and similar charges".

While the fees charged by private fostering agencies have not risen dramatically like those charged for children's home placement, the revenue is high enough to attract private equity funds, who have been in the sector for at least two decades.[30] The financial extraction present in private fostering agencies illustrates how outsourcing contracts in routine activities allows private firms lucrative profits at the expense of the taxpayer.[31]

Children’s Homes

In contrast to fostering contracts, the outsourcing of children’s homes represents the total loss of the governments bargaining power, allowing private firms to claim excessive profits. Here, demand far outstrips supply. Barry Lewis, leader of Derbyshire County council, said the children’s homes placements are a sellers’ market where “there are about 20 kids for every placement”.[32] For institutional investors and landlords alike, this presents an opportunity for windfall profits — with some charging £29,000 a week for what a high court judge described as “wholly inadequate”.[33] It is hard to understate the scale of the crisis. Ofsted, the government regulator for children’s social care, found that there were at least 931 illegal children’s homes providers in 2023/24.[34] Local authorities do not need to declare when they have sent children to an unregistered home, so the true number could be far higher.

In a perfectly functioning market, the high prices private children’s homes can charge should attract enough investment to the sector to match supply with demand and lower prices. The failure for the children’s homes quasi-market to correct itself stems from the nature of children’s home provision itself. Firstly, the supply is inelastic, it takes time to build or convert housing to children’s homes. Asset owners can exploit this timing mismatch and charge higher prices when demand surges. Secondly, there is a geographical mismatch between demand and supply. Investment firms, who are the largest player in the sector, routinely buy property in rural parts of England to convert to children’s homes, where housing costs are cheaper.[35] However, the highest demand for children’s homes is inner-city areas, meaning some children in needs of care are placed far from their families, friends and wider support network. Here, private providers’ need to maximise profit directly undermines the quality of care — when a child is moved out of area, they lose the continuity of care and access to the same support workers that they have built relationships with.[36]

The soaring costs of private children’s homes and financial extraction in private fostering agencies illustrate how ill-suited social care services are to market-based provision. Local authorities have a legal duty to provide care and their loss of in-house capacity makes them more reliant on private providers. Scores of private providers, backed by institutional investors, have enough market power to set higher prices. Market-based provision of services allows private companies to gain at the expense of the state, who pays much more for private children’s care, and the children themselves, who are face worse quality of care.

Why the Reforms Are Insufficient

While the Government, which sets children’s social care policy for England — care is devolved — recognises that profiteering in children’s social care is unacceptable, its reforms only aim to rebalance the system, instead of break with it. The Government remains committed to ensuring that "there is, and will remain, a place for private, profit-making provision" in the sector.[37] Rather than ending for-profit provision of care, the Government has chosen to reform regulations on the sector. Through the Children's Wellbeing and Schools Act 2026 the Government is implementing a "families first" approach to care, with investment in early-stage interventions that prevent escalation to more expensive late-stage interventions such as fostering and children's home placements. With real terms spending on early intervention halved between 2010/11 and 2020/21, from £4.4 billion to £2.2 billion, this increased investment in early intervention is welcome.

However, the reforms to the children's social care market are lacking. The headline reform of profit caps as a last resort will not work. As this briefing has shown, the largest private fostering agencies already use shareholder loans instead of dividends because it artificially lowers their taxable profits. The Children's Wellbeing and Schools Act 2026 does allow the government to set their own definition of profit. Moreover, shareholder loans are just one form of financial engineering. Identifying and correctly measuring the true returns across a range of private providers would require a highly skilled financial oversight workforce. Additionally, the government does not have a good track record with regulating privately run essentials. Ofwat, the water regulator, has struggled to contain financial extraction and high debt leveraging in the water sector. There is little reason to believe increased oversight in children's social care sector would fare better. Instead of increasing regulatory powers, this money would be spent on developing a social care workforce to deal with the staff recruitment and retention issues.[38]

The proposal to monitor the financial resilience of providers and intervene to ensure managed exit faces similar problems. Many private providers owned by institutional capital have complex corporate structures and ultimate parent companies headquartered abroad, which makes oversight more challenging. For example, Compass Community, the third largest IFA, has seven shell companies between its operating subsidiaries and ultimate parent company. There is also evidence of companies who fail to meet Ofsted quality standards shutting down operations under one company name and restarting them under another. For instance, when the children's homes provider Great Minds Together Ltd was suspended by Ofsted for safeguarding failures, it closed this company and resumed activities under a different legal entity, Thriving Futures (GMT) Ltd. Both companies placed children in illegal unregistered homes.[39] The two companies received £12 million from local authorities between 2023 and 2025. The financial engineering and evasion of corporate accountability already present in the sector places the government on the back foot in attempting to regulate these companies.

Many of the largest providers of fostering and children's home placements have highly leveraged balance sheets. Eight of the 20 largest providers already have low interest cover,[40] meaning that their profits from the year before covers only a few years interest payments and leaves little cash for loan capital repayments. There are two providers who from their latest accounts appear unable to repay their existing loan obligations. The excessive leveraging in these companies makes sudden exit highly likely. Unlike ordinary markets, children's social care and other essential public services cannot tolerate sudden exit, because public bodies have statutory and other obligations to ensure the services are provided. This situation amounts to "sham capitalism" where private providers know that if the worst comes to the worst, they will be bailed out by the government.[41]

Instead of waiting for these companies to collapse or walk away from the sector, the government should intervene decisively to end for-profit provision of services. A managed phase-out that includes a moratorium on new for-profit providers, increased funding for local authority run children's homes and fostering places is a more sustainable approach to the sector. The Welsh government has shown this is possible — the Social Care (Wales) Act 2025 sets a 2030 deadline for ending for-profit provision, allowing local authorities and the third sector to build capacity while for-profit providers exit.

Where services can be run more cheaply, it is usually at the expense of labour. When outsourced private services are run more cheaply (and often they are not), costs are reduced through lowering salaries, denying sick pay, reducing pensions and reducing the quality of the service provided.[42] Workers in privatised services are systematically more likely to work longer hours, receive less pay and be on more insecure contracts — these factors reduce the quality of service, particularly in relational services such as health and social care. An early example of this is the outsourcing of catering in NHS hospitals, the new providers quicky sought to maximise profits through lowering food quality, which in turn led to outbreaks in food poising in long-stay hospitals, with patients who are already fighting to survive.[43] A more recent example is research that hospitals with outsourced cleaning services have a much higher incidence of superbugs, such as MRSA.[44] The study notes that hospital beds with outsourced cleaning can be run more cheaply, but that this cost-per-bed does not account for the additional cost associated with treatment. As well care receivers, outsourcing means a worse deal for the hospital porters, cleaning staff, rubbish collectors and care home workers — or in other words, our family members, neighbours and communities.

Conclusion

The children's social care sector should no longer be a haven for institutional capital. Instead of providing "value for money", outsourcing means that children's care costs — socially and financially — more than it ever has. The progressive dismantling of public capacity and the creation of a quasi-market have not produced efficiency and choice, but a system optimised for financial extraction where the state is implicated as an architect of these extractive practices. Paying for-profit companies to run these services channels taxpayer money to private hands, while the risks of poor service delivery are borne by children in care and local authorities. What we have here termed the "outsourcing premium" costs all of us dearly.

The consequences the outsourcing premium in care are long-lasting. Despite people who have experienced care accounting for less than one per cent of the population, one in four adults in prison have been in care.[45] This is not just about children's social care in isolation — across public services, the outsourcing premium fails the country's most vulnerable children.[46] The outsourcing of Special Educational Needs and Disability schools to the private sector has faces a similar crisis.   Providing the best possible care, rather than facilitating profit-making in the social care market, should be the Government's priority.

Whatever the administrative cost of identifying and capping profits across registered and unregistered providers is, the money is better spent improving children's social care directly. This would ensure every pound the Government spends on improving the care system goes towards improving quality, creating liveable wages for foster carers and residential workers and increasing funding and powers for local authorities to oversee the delivery of care. This means a moratorium on new for-profit entrants to the sector and banning mergers and acquisitions of smaller providers. Mandatory reporting of when children are sent to illegal homes, a full audit of the children's homes providers with compulsory purchase orders to bring those of unacceptable quality in-house. Capital investment should be directed to local authorities with the highest demand for placements and least capacity, so that children can remain close to family networks. Voluntary and third sector organisations should be supported to reach those most marginalised. The Regional Care Cooperatives created through the Children's Wellbeing and Schools Act 2026 should be given the funding and powers to support the phase out of profiteering in the sector.

The case to end for-profit provision has been made within the government itself. The 2022 MacAlister review of child social care concluded that "providing care for children should not be based on profit". Wales has legislated to end for-profit children's social care by 2030. Scotland is banning for-profit companies from running fostering agencies. Ending for-profit provision is the most effective approach to children's social care reform. What is lacking is the political will to make this a reality in England.

Footnotes

[1] The distinction between early stage and late stage children's social care interventions is borrowed from PBE's classification of children's social care services in their report "Rebalancing the system: Children's Services Spending, 2011-25". Available here.

[2] "Main findings: fostering in England 1 April 2024 to 31 March 2025", Ofsted, 26/11/2025. Available here.

[3] "Main findings: children's social care in England 2025", Ofsted, 05/08/2025. Available here.

[4] Andrew Rome, "Profit making and Risk in Independent Children's Social Care Placement Providers.", Revolution Consulting, 2026. Available here.

[5] Marie Horton, Jon Franklin, "Rebalancing the system: Children's Services spending, 2011-25", PBE, 2026, p.17. Available here.

[6] "Children's social care market study final report", Competition and Markets Authority, 22/03/2022. Available here.

[7] "Minimising Landlord Risk During C2 Children's Home Conversions", Prem Property. Available here.

[8] Amber Dellar, "Fixing the children's social care market: The consequences of a broken care market", Institute for Government, 2026, Available here.

[9] Gareth Davies, "New Report Reveals Shocking Prevalence of Illegal Children's Homes", *The Bureau of Investigative Journalism*, 16/01/2026. Available here.

[10] Dellar, "Fixing the children's social care market: The consequences of a broken care market", Institute for Government. Available here.

[11] "Profit capping powers - Children's social care market: Finale stage impact assessment", Department for Education, 30/01/2025. Available here.

[12] "Health and Social Care Integration and Rebalancing Capital Fund: Guidance 2022-25", Welsh Government, 29/11/2022, p.13. Available here.

[13] Julian Le Grand, "Quasi-Markets and Social Policy", *Economic Journal*, September 1991, vol.101, pp.1256-1267, p.1257.

[14] Christopher Hood, "The 'new public management' in the 1980s: Variations on a theme", *Accounting, Organizations and Society,* vol. 20, pp.93-107, 1995.

[15] "John Moore minute to MT", Margaret Thatcher Foundation, 17th February 1988. Available here.

[16] Andrew Bowman et al., *What a Waste: Outsourcing and how it goes wrong*, Manchester University Press, 2015, p. 25.

[17] Tom Wall, "'Profiteering off children': care firms in England accused of squeezing cash from councils", *The Guardian*, 02/03/2024. Available here.

[18] Tom Wall, "Ex-Army Officer Accused of Raping Two Women Is Running Illegal Children's Homes", *The Bureau of Investigative Journalism*, 09/08/2026. Available here.

[19] Benjamin Braun, "Fueling Financialization: The Economic Consequences of Funded Pensions", *New Labor Forum*, 2022, vol.3, pp. 70-79, p.73.

[20] Janice Morphet, *Outsourcing in the UK*, Bristol University Press, 2021, p.8.

[21] A notorious example of this is the negotiation of PFI contracts — see Allyson Pollock's "Deficits before patients". Available here.

[22] Bowman et al., *What a waste: Outsourcing and how it goes wrong*, p.15.

[23] Tom Gash, Nehal Panchamia, Sam Sims, Louisa Hotson, "Making public service markets work", Institute for Government, 2013, p.8. Available here.

[24] From Nimbus Topco Limited (formerly SSCP Spring Topco Limited) annual report and consolidated financial statements, 2024.

[25] Kate Bayliss, Jasmine Gideon, "The privatisation and financialisation of social care in the UK", SOAS Department of Economics Working Paper Series, Working paper No. 238, p.32. Available here.

[26] Brett Christophers, *Our Lives in Their Portfolios: Why Asset Managers Own the World*, Verso, 2023, p. 193.

[27] Jon Ungoed-Thomas, "Private equity owns lion's share of children's foster services and is 'bleeding the sector of money'", *The Observer*, 01/02/2026. Available here.

[28] EBITDA stands for Earnings Before Interest Tax Depreciation and Amortisation. EBITDA margin measures how much money a business makes relative to its costs. A business that makes £1 million pounds a year with an EBITDA margin of 20% spends £800,000 running the business and has £200,000 left over.

[29] Andrew Rome, "Profit making and Risk in Independent Children's Social Care Placement Providers.", Revolution Consulting, 2026. Available here.

[30] Robin Pagnamenta, "Private equity invests in fostering children", *The Times*, 03/09/2007. Available here.

[31] Bowman et al., *What a waste: Outsourcing and how it goes wrong*, p.23.

[32] Tom Wall, "'Profiteering off children': care firms in England accused of squeezing cash from councils", *The Guardian*, 02/03/2024. Available here.

[33] Tom Wall, "UK Council Placed 10-year-old in Illegal Children's Home Costing £29k a Week", *The Bureau of Investigative Journalism*, 18/06/2025. Available here.

[34] "Transparency data: Unregistered children's homes", Ofsted, 27/11/2024. Available here.

[35] Benjamin Goodair, Francois Schoenberger, Anders Back-Mortensen, "Commercialisation and care sufficiency: the privatisation of children's homes in England", *The Lancet,* February 2026, vol.11 issue 2, pp.e129-e136, p.e135. Available here.

[36] Justin MacLochlainn, Paula McFadden, Susan McGrory, Mary McColgan, Rachel Naylor, Emma McGinnis, Dominic McSherry, Gillian Martin, John Mallett, "The effects of child protection social worker turnover on children and families: A scoping review addressing a critical gap in social work turnover research", *The British Journal of Social Work*, May 2026, vol. 56, Iss. 3, pp.1240–1262, p.1244.

[37] “Profit capping powers - Children’s social care market: Finale stage impact assessment”, Department for Education, 30/01/2025, p.5. Available here.

[38] “Keeping Children Safe, Helping Families Thrive”, Department for Education, 18/11/2024, p.21. Available here.

[39] Gareth Davies. “Illegal Children’s Homes: Company that let children sleep on floor collected £12m in public money”, *The Bureau of Investigative Journalism*, 23/01/2026. Available here.

[40] Andrew Rome, “Profit making and Risk in Independent Children’s Social Care Placement Providers.”, Revolution Consulting, 2026, p.16. Available here.

[41] Bowman et al., *What a waste: Outsourcing and how it goes wrong*, p.23.

[42] “Outsourcing Public Services”, Trades Union Congress, 2014, p.79. Available here.

[43] Allyson Pollock, Paula Whitty, “Crisis in our hospital kitchens: ancillary staffing levels during an outbreak of food poisoning in a long stay hospital.”, *British Medical Journal*, February 1990, vol. 300, pp.383-385, p.383. Available here.

[44] Veronica Toffolutti, Aaron Reeves, Martin McKee, David Stuckler, “Outsourcing cleaning services increases MRSA incidence: Evidence from 126 English acute trusts”, *Social Science & Medicine,* February 2017, vol.174, pp.64-69, p.66. Available here.

[45] “Prison: the facts”, Prison Reform Trust, 2023. Available here.

[46] Oliver Chan, “Why SEND reform must tackle profit, not just process”, Centre for Local Economic Studies, 2026. Available here.