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Funding and spending on children's services (2018/19)

Parliamentary briefing

About

Joint analysis by Action for Children, Barnardo's, The Children's Society, the National Children's Bureau and the NSPCC highlights the financial and demand challenges that local authorities faced even before the onset of the COVID-19 pandemic, with **central government funding for children's services reduced by £2.2 billion over the last decade.**

Recommendations

To overcome the funding crisis local authorities are currently facing in delivering children and young people services, which looks set to be exacerbated by the COVID-19 pandemic, central government must:

- Reinstatement of the **£2.2 billion** lost from funding available for children and young people's services over the last decade
- Ensure that all local authorities have the resources they need to develop a consistent offer of evidence based early intervention
- Ensure there is a clear link between the likely level of need and the level of funding available in each local area
- Use the upcoming Spending Round to rebuild the safety net for children who have experience disruption to their childhoods as a result of COVID-19

Background

Local authority children and young people's services provide a range of support, from parenting programmes in children centres to the local safeguarding teams who step in and protect children from harm. Cuts to funding and rising demand for support has meant local authorities are allocating greater proportions of their spending to late intervention services where children and families are likely to have reached crisis point, while early intervention and preventative services are receiving a shrinking share of funding.

Estimated funding for children and young people's services

Estimated funding for children and young people's services has **fallen by £2.2 billion**, from £10.3 billion in 2010/11 to £7.4 billion in 2018/19 – a 23% reduction. In the same period, there has also been a notable change in funding per child and young person (0-25) from £571 to £425.

Our analysis has found that whilst all regions have seen a reduction in funding since 2010, the pattern of cuts show a noticeable divide between the North and the South of England. Combined, local authorities in the **North of England have seen a cut of 27% to their funding** compared to 23% in the Midlands and 21% in the South of England. There is a well-established North-South divide across many areas related to children and young people: in 2019, regions in the North of England had higher rates of children in care, children referred to social services and child protection enquires compared to regions in the South of England. This suggests the regions facing the greatest demand for children's services are also the ones facing the largest cuts in central government funding.

Since 2010/11, the most deprived local authorities have seen more than twice the size of cut to funding as the least deprived areas. This is in spite of the most deprived local authorities seeing their children in care

population rise by 2,674 between 2010 and 2019 whilst the least deprived local authorities have seen their children in care population rise by 1,970.

Spending on children and young people's services

The reduction in funding has inevitably led to a fall in local authority spending on children and young people's services. However, there is a clear difference in how far spending has fallen compared to cuts in funding. Between 2010/11 and 2018/19, local authority spending on children and young people's services fell by 6% from £9.7 billion to £9.1 billion. In comparison, funding has fallen by 23% in the same period.

Local authorities are required by law to provide a number of services for children and young people, irrespective of the amount of funding available. As demand has increased, local authorities have had no choice but to spend on this service area. This has led to a funding gap between what local authorities need to spend and how much funding is available to them. This gap has been steadily rising and reached **£1.7 billion in 2018/19**. Based on current trends, the funding gap will continue to grow in the years ahead.

Early vs late intervention

Local authorities have responded to financial pressures by having to prioritise their statutory child protection work and reducing spending on non-statutory children's services; those which step in early and stop problems reaching crisis point. The most recent local authority figures show that spending on early intervention has continued to fall - between 2010/11 and 2018/19 it **fell by £1.6 billion**.

The fall in early intervention spending is driven by reductions in two main service areas – children's centres and services for young people, which have both seen budget cuts of well over half since 2010. Between 2010/11 and 2018/19, **spending on children's centres fell by 64% and spending on services for young people fell by 71%**. The scale of service closures inevitably leads to a reduction in the level of support available to children, young people and their families. In the worst cases, this will mean chances to spot signs of emerging problems are missed – from language development in the early years to risky behaviour amongst teenagers.

Figures for last year show that local authority spending on late intervention has continued to rise. Collectively, spending on children in care, youth justice and safeguarding was £1.6 billion higher in 2018/19 compared to 2010/11 - a 29% increase.

The increase in late intervention spending is driven by two main areas – safeguarding and children in care. This reflects rising demand. Since 2010, there has been a 6% increase in referrals to children's social care services, a 23% increase in the number of children subject to a child protection plan and a 19% increase in the number of children in care. This has led to local authority spending on this area increasing by 40% between 2010/11 and 2018/19.

Rising demand is leading to late intervention representing a greater proportion of children's service budgets than ever before. In 2010/11, late intervention represented 58% of local authority spending on children and young people's services. This has risen to 78% in 2018/19. The continued demand on these services makes it difficult for local authorities to reverse the shift towards late intervention without additional investment.

COVID-19

Following the onset of the COVID-19 pandemic, this trend towards crisis-driven spending is almost certain to have accelerated as local authorities are confronted with a multitude of additional pressures generated by the crisis itself and the broader social consequences of lockdown.

We know children's experiences of COVID-19 will be unequal. Those facing additional economic and social pressures will be most at risk of having the disruption of lockdown compounded by a lack of access to

resources, family pressures, intensifying mental health issues and the risk of abuse and neglect. At the same time of these increased risks, we know that just 5% of vulnerable children attended school over Easter¹, and the closures of education and community settings would have contributed to the level of referrals to social care being reduced by more than half in many areas² during lockdown. This indicates the existence of a cohort of vulnerable children, known and unknown, with unmet needs and potentially at risk of serious harm.

We can therefore expect a significant spike of increased referrals as a result of COVID-19 once children return to education and community services, in addition to the anticipated increase in referrals already expected in the period up to 2022/23 – as projected by the Association of Directors of Children’s Services³. Local authorities must be sufficiently and proactively supported and resourced to meet these forthcoming needs with a range of appropriate services, including early intervention support, for the safety and wellbeing of vulnerable children

Repairing this harm and rebuilding childhoods will require dedication and commitment to a long-term and ambitious Recovery Strategy for Children, and the financing and implementation of new evidence-based interventions that we know can make all the difference to children and families. These services need to be available where they are most needed, in those local authorities with the most deprived communities that have experienced the greatest reductions in spending power over the last decade. Their increased needs must both be acknowledged and determine funding provided in the future, especially in light of an impending recession as a result of COVID-19 which will impact already vulnerable families the hardest.

Action you can take

- Write to the Chancellor of the Exchequer and Secretary of State for Housing Communities and Local Government to make the case for increased funding for children’s services.
- Raise the need for additional funding for local authority children’s services at the next Education; Housing, Communities and Local Government; or, Treasury oral question session.
- Table a written question on the trends in funding for and spending on children’s services.

For more information, please contact Andrea Hall at andrea.hall@actionforchildren.org.uk or 07971 094716.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/883173/COVID-19_attendance_in_education_settings_170420.pdf

² <https://www.local.gov.uk/coronavirus-lga-responds-childrens-commissioner-report-vulnerable-children>

³ In the period up to 2022/23, the Association of Directors of Children’s Services projects a 9% increase in referrals to children’s social services, a 21% increase in the number of children subject to child protection plans and a 7% increase in the number of looked-after children - see page 14 of the *Funding and spending* report.