

Funding and spending on children's services (2017/18)

Parliamentary briefing

About

Action for Children, Barnardo's, National Children's Bureau and The Children's Society are urging central government to address the funding gap facing local authority children's services that is expected to reach £3bn by 2024/25. Ahead of the Spending Review, **our joint report** analyses the latest trends in funding and spending on children and young people's services, illustrating the scale of the challenges facing local authorities.

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. But, despite the crucial role these services play in the lives of millions of children and families every year, they are in the midst of a financial crisis.

A combination of cuts to funding and rising demand has led to local authorities allocating a greater proportion of their spending to late interventions. These include safeguarding and services for children in care, supporting those children facing issues like abuse, neglect and domestic violence. Meanwhile, preventative services and early interventions, such as children's centres and family support services, find themselves receiving a shrinking share of funding.

Recommendations

To overcome the funding crisis local authorities are facing in delivering children and young people's services, central government should:

- Use the Spending Review to provide additional funding for children and young people's services and address the estimated £3bn funding gap facing local authorities by 2025;
- Ensure there is a clear link between the likely level of need and the level of funding available in each local area; and
- Ensure that all local authorities have the resources to sustain a consistent offer of early intervention.

Funding for children and young people's services

Funding for children and young people's services has **fallen by £3bn**, from £10.3bn in 2010/11 to £7.3bn in 2017/18 – a 29% reduction. Meanwhile, local authority spending on children and young people's services **fell by £1.7bn** – a 16% reduction. In the same period, there has also been a one-third (32%) decrease in funding per child, **from £813 to £553**.

Our analysis shows all regions experiencing a reduction in funding since 2010/11, with each seeing at least a fifth of their budgets cut. However, there are pronounced regional variations and a distinct divide between the North and the South of England.

The three regions in the North of England saw reductions of around a third between 2010/11 and 2017/18. London is the only other region to see similar falls. In the South of England, by comparison, funding fell by around a quarter. Local authorities in the North have experienced funding cuts of 33% compared to 29% in the Midlands and 27% in the South.

There are also distinct variations in the scale of cuts relative to levels of deprivation. Since 2010/11, the most deprived local authorities have seen cuts to funding almost twice as large as for the least deprived areas. Funding for the least deprived local authorities fell by 21% between 2010/11 and 2017/18, compared to 37% for the most deprived local authorities.

Spending on children and young people's services

Falls in funding have inevitably led to a drop in local authority spending on children and young people's services. However, spending on services has fallen noticeably more slowly than funding.

Between 2010/11 and 2017/18, local authority spending on children and young people's services **fell by 16%** from £10.3bn to £8.6bn.

Rising demand for children and young people's services helps to explain the difference in the rate of reductions. In 2018, there were over 655,000 referrals to children's services, up from 646,000 a year earlier. As local authorities are legally required to provide services for children and young people, regardless of the amount of funding available, increasing demand has required local authorities to continue spending on these vital services.

However, the combination of diminishing funding, rising demand and the legal requirement to provide services has resulted in a gap between what local authorities need to spend and the resources available to them.

This children's services funding gap has been steadily rising, reaching **£1.4bn in 2017/18** and with projections indicating a **£3bn gap by 2024/25**.

Regional variations are again clear. Between 2010/11 and 2017/18, local authorities in the North of England have seen spending on children and young people's service fall by 19%, compared to 15% in both the South and in the Midlands. The most deprived local authorities have had to reduce spending by almost five times as much than the least deprived areas.

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Spending on early and late interventions

Spending by local authorities can be broadly separated into those early intervention services that aim to prevent problems escalating by stepping in early, and statutory late intervention services which respond to immediate problems children, young people and families face.

Statutory services are a vital function for every local authority, reflecting the need to intervene because problems have reached crisis point rather than having been spotted early. They are more costly than preventative early interventions, and families are likely to have experienced difficult challenges that are detrimental to a child, young person or parent.

Between 2010/11 and 2017/18, the focus of spending on children and young people's services shifted away from early intervention and towards late intervention.

Spending by local authorities on early interventions **fell from £3.7bn to £1.9bn** – a 49% reduction. Over the same period, spending on late interventions has risen by 12% **from £5.9bn to £6.7bn**.

Early intervention services now represent just 22% of local authority spending on children and young people's services, down from 36% in 2010/11. This fall has been driven by reductions in numbers of children's centres and services for young people, with the former seeing spending drop by 62% and the latter experiencing a 72% decrease since 2010/11.

Increases in late intervention spending are determined predominantly by spending on safeguarding and children in care. The vast majority of local authorities have increased spending in these areas, with some more than doubling their respective budgets between 2010/11 and 2017/18.

Rising demand is a key factor, with a 7% increase in referrals to children's social care in this period, alongside a 26% increase in the number of children subject to a child protection plan and a 17% increase in the number of children in care. The Association of Directors of Children's Services projects further increases in the coming five years.

Early intervention is a long-term investment. Programmes need time to embed, with the benefits often only becoming clear several years after a programme has finished working with a family. If the current trend of reductions to early intervention spending continues, there will not be the resources available to put these services on a sustainable footing.