



Children and young people's services: Funding and spending 2010/11 to 2017/18



Introduction

Local authority children and young people's services cover a range of support, from parenting programmes in children's centres to local safeguarding teams who step in and protect children from harm. 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.

This has left many facing difficult choices about how to maintain services communities rely on – including those for children and young people.

Despite their best efforts to limit the impact of cuts, local authority spending on children and young people's services has fallen sharply. Worryingly, this has taken place as the demand for support has increased.

The combination of cuts to funding and rising demand has pushed local authorities to allocate ever greater proportion of their spending to areas such as safeguarding and children in care. The National Audit Office has found 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.¹

Later this year, the Government is due to announce how much funding is to be made available to local authorities for local services as part of the Spending Review. This is a vital opportunity to address the funding crisis facing children and young people's services. Without additional investment, local authorities will be continue to struggle to respond to the needs of children in their communities.

As organisations supporting the UK's most vulnerable children, young people and families, we are concerned that timely and appropriate services are available to ensure the best outcomes for every child.

Ahead of the Spending Review, our analysis provides an overview of the latest trends in funding and spending on children and young people's services illustrating the scale of the challenges facing local authorities.

Our analysis found:

Funding for local authority children and young people's services has **fell by £3 billion** between 2010/11 and 2017/18 - **a 29% reduction**. At the same time, local authority spending on children and young people's services **fell by £1.7 billion - a 16% reduction.** There has been a notable fall in central government funding per child and young person **from £813** in 2010/11 **to £553** in 2017/18.

There has been a shift from spending on early intervention services such as children's centres and family support, to spending on late intervention, services such as safeguarding and children in care.

Local authority spending on **early intervention** services for children and young people **has fallen** from £3.7 billion to £1.9 billion between 2010/11 and 2017/18. This is a **49% decrease.**

Local authority spending on **late intervention** services for children and young people **has risen** from £5.9 billion to £6.7 billion between 2010/11 and 2017/18. This is a **12% increase.**

Diminishing funding, as demand on local authority children's services increased, has left a **£1.4 billion funding gap** in 2017/18. By 2025 local authorities will face a **£3 billion funding gap** for children's services.

There is a North-South divide in the scale of cuts in funding and reductions in local authority spending. The North East saw the largest reductions in funding between 2010/11 and 2017/18, followed closely by Yorkshire and the Humber and the North West. In the same period, London has seen the largest regional fall in local authority spending with the South East and South West seeing the smallest reductions across England.

Funding for children and young people's services for the most deprived local authorities **has fallen almost twice as fast** as for the least deprived.

In the most deprived local authorities, **spending** on children and young people's services **has fallen almost five times faster** than the least deprived.

Central government should:

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

Estimated funding for children and young people's services

Local authority services are funded in a number of different ways. For some services, central government will provide dedicated allocations that can only be spent on those specific services. This is known as ring-fenced funding. There might also some services that have earmarked funding that allow local authorities greater freedom in where and how it is spent.

Early intervention services, like children's centres, were one of those which used to benefit from dedicated, ring-fenced funding. However, the creation of a new Early Intervention Grant (EIG) in 2010 replaced a number of different funding streams with one, single non ring-fenced allocation.² In 2013/14, the EIG was rolled into the Revenue Support Grant (RSG) – part of the single pot for local authorities to fund local services. Funding for early intervention was kept as an identifiable line within the RSG. Between 2010/11 and 2019/20, early intervention funding through the EIG and then through the RSG is estimated to fall by 71% from £3.3 billion to £960 million.³

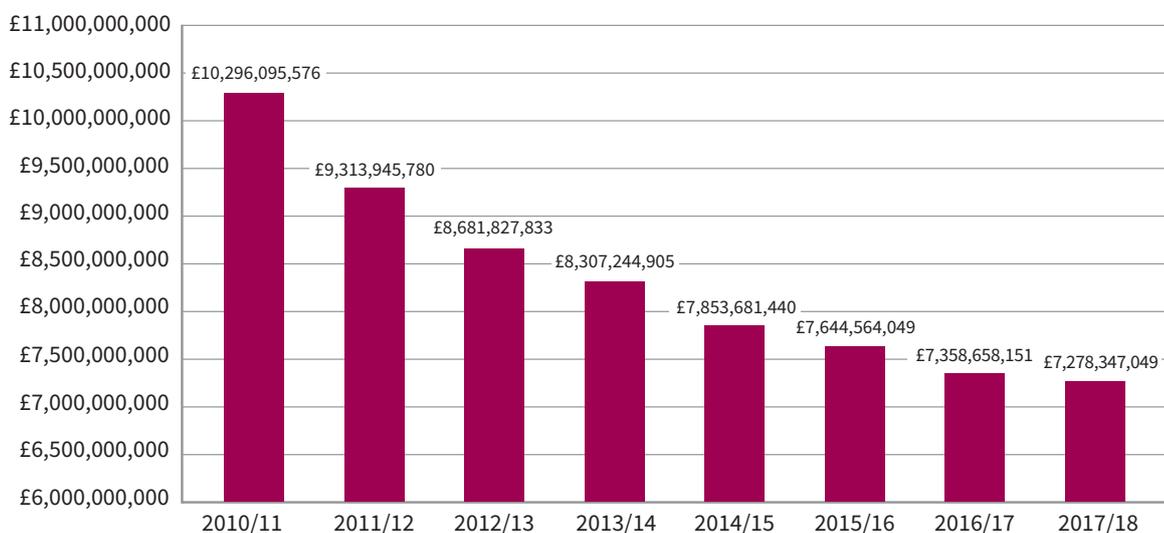
In other cases, services will be funded from one single pot available to local authorities each year. This is made up of council tax, business rates and a number of non-ring fenced central government grants. It is up to each local authority to decide how much these services receive based on different factors, such as the level local need, legal requirements and long-term plans the local authority might have.

Children and young people's services are one of those funded from this single pot. This can make it difficult to know how funding for children and young people's services has changed in recent years because there isn't a specific allocation from central government.

One way of modelling funding for children and young people's services is to take a 'baseline' year, and assume that spending on children and young people's services in that year was equivalent to the funding available. Funding for other years may then be modelled by assuming that the proportion of spending power available for children and young people's services remains consistent over time. For this report we used 2010/11 as the baseline year, and modelled funding for children and young people's services over the following years accordingly.

This approach provides a valuable insight into just how far funding cuts have limited the resources available for local authorities. Between 2010/11 and 2017/18, our modelled funding estimate for these services has fallen by 29% from £10.3 billion to £7.3 billion.⁴

Estimated central government funding for children and young people's services in real terms (2017/18 prices)



Along with an overall reduction in funding, there has also been a notable change in funding per child and young person. In 2010/11, funding per child and young person was £813⁵ but by 2017/18 this had fallen to £553.⁶

Estimated funding per child and young person in real terms (2017/18 prices)



Funding per child and young person will be influenced by the size of the population but, whilst the number of children and young people has increased 4% since 2010/11, funding per child and young person has fallen by 32%.⁷ Comparing spend per capita is a helpful indication of just how far cuts have gone in reducing the available funding for a significant proportion of the population. Whilst our model estimated funding doesn't account for changes in population composition amongst local authorities, there has been no change in the proportion of children and young as share of the national population between 2010/11 and 2017/18.⁸

Estimated funding by region

Our analysis has found that all regions have seen a reduction in funding in the last eight years, with each seeing at least a fifth of their budgets cut since 2010. In addition, the pattern of cuts shows a noticeable divide between the North and the South of England.

The three regions constituting the North of England have all seen a reduction of around a third between 2010/11 and 2017/18. London remains the only region outside of the North of England to see a reduction on this scale. In comparison, regions in the South of England have seen funding fall by around a quarter. Combined, local authorities in the North of England have seen a cut of 33% to their funding compared to 29% in the Midlands and 27% in the South of England.

Table 1: Estimated funding for children and young people's services by region in real terms⁹

	2010/11 (mn)	2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
North East	£489	£321	£-168	-34%
London	£2,118	£1,411	£-707	-33%
Yorkshire and the Humber	£1,114	£757	£-357	-32%
North West	£1,477	£999	£-478	-32%
West Midlands	£1,231	£853	£-378	-31%
East Midlands	£751	£547	£-204	-27%
East of England	£1,020	£777	£-243	-24%
South West	£798	£604	£-194	-24%
South East	£1,299	£1,009	£-290	-22%

There is a well-established North-South divide across many areas related to children and young people including educational attainment, health outcomes and employment prospects.¹⁰ This is also true of engagement with children and young people’s services. In 2018, 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.¹¹ This suggests the regions facing the greatest demand for children’s services are also the ones facing the largest cuts in central government funding.

Estimated funding by levels of deprivation

As with regional variations in the scale of cuts to funding, there are distinct variations in the scale of cuts based on levels of deprivation. Since 2010/11, the fifth most deprived local authorities have seen almost twice the size of cut to funding as the least deprived areas.

Table 2: Estimated funding for children and young people’s services by deprivation in real terms¹²

	2010/11 (mn)	2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
1 - Least deprived	£1,728	£1,364	-£363	-21%
2	£2,281	£1,719	-£563	-25%
3	£1,937	£1,377	-£560	-29%
4	£2,049	£1,362	-£687	-34%
5 - Most deprived	£2,301	£1,456	-£845	-37%

Deprived local authorities are more reliant on central government grants to fund local services.¹³ In 2013 reforms to how central government calculated grant allocations resulted in all local authorities receiving the same percentage cut to core grants. This uniform cut didn’t take into account the levels of deprivation in a council area – or the associated level of demand for services.¹⁴

As with the North-South divide, there are differences in demand for children and young people’s services between the most and least deprived local authorities.

Between 2010 and 2018, the most deprived local authorities have seen their children in care population rise by 2,394 whilst the least deprived local authorities have seen their children in care population rise by 2,076.¹⁵ There has been a similar pattern amongst the number of children in need. Between 2014 and 2018 the most deprived local authorities have seen the number of children in need rise 6,457 compared to a rise of 5,440 amongst the least deprived local authorities.¹⁶ A recent report by the National Audit Office found 15% of the variation in the number of child protection plans was due to local authority levels of deprivation.¹⁷

Whilst both have seen similar percentage changes, the size of each population is important when considering local authority resources. Research from the Department for Education found that a child in care will cost a local authority on average £45,647 annually, whilst a child in need, on average, will cost a local authority £10,777.¹⁸ Larger populations of both will inevitably lead to higher costs for the local authority.

Poverty and deprivation can have a significant impact on the level of support children need to thrive in a safe environment, and is a major driver of demand for local services. The Child Welfare Inequalities Project funded by the Nuffield Foundation found that while children in the most deprived areas are up to 10 times more likely to come into contact with the child protection system than children in the least deprived areas, local authorities in areas of high deprivation are unable to provide the same level of resources to meet the needs of children as less deprived authorities, leaving children at increasing risk of a postcode lottery of support.¹⁹

Given the difference in demand between the most and least deprived local authorities, there is a clear mismatch between need and funding.

Local authority 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.

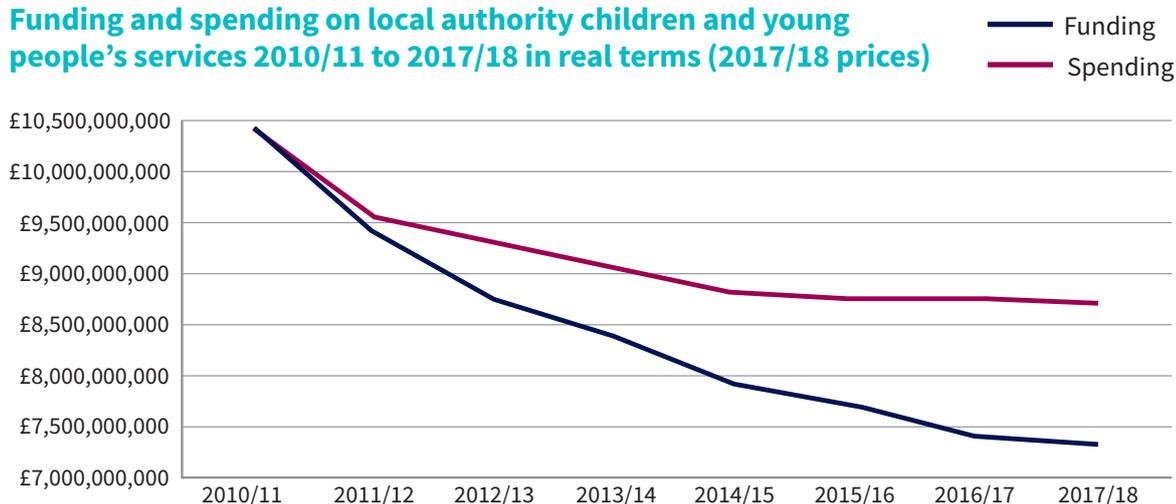
Between 2010/11 and 2017/18, local authority spending on children and young people's services fell by 16% from £10.3 billion to £8.6 billion.²⁰ In comparison, funding has fallen by 29% in the same period.

Local authority spending on children and young people's services in real terms (2017/18 prices)



The ongoing, and increasing, demand for services has played an important role in explaining the difference in the pace of reductions. 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 to continue 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 £1.4 billion in 2017/18.²¹

Funding and spending on local authority children and young people's services 2010/11 to 2017/18 in real terms (2017/18 prices)



Local authorities might take different approaches to make up shortfalls year-on-year, from drawing on their reserves to reallocating funding from other spending areas. Yet, neither are sustainable. Reserves are finite and not designed to cover year-on-year spending whilst reallocation will simply create shortfalls in other service areas communities rely on. The National Audit Office found that in 2017/18 alone, local authorities total overspend on children's social care by £872mn.²²

Based on current trends, the funding gap will continue to grow in the years ahead. The Local Government Association (LGA) looked at wider funding trends across all areas of local authority spending and found that local authority children's services will face a £3 billion gap by 2025.²³

Given the challenge facing local authorities, many have sought new approaches to working with children and families that deliver positive results in a cost effective way. There are a number of examples where charities have worked with local authorities to continue to support vulnerable children and young people even in a tight fiscal environment.

The Children's Society's Pause service

The partnership with Forward Thinking Birmingham combines voluntary sector experience with the expertise of Birmingham Children's Hospital, Priory Group and Worcestershire NHS Trust. It has been set up to provide an innovative response to the commissioning of a 0–25 mental health service across Birmingham. Working together with these other organisations has produced a positive impact on the mental wellbeing of young people in Birmingham that well exceeds the sum of its parts. Pause is in a city centre location, open seven days per week and does not look or feel like a clinical setting: there are no appointments, and children, young people and parents are able to turn up when they like and stay for as long as they like. Last year there were almost 9,000 visits to Pause and 199 onward referrals into higher level mental health services meaning that the vast majority of cases were held at a lower level. Pause adds around 50% of the capacity to Forward Thinking Birmingham but utilises 2% of the budget.

Action for Children's Intensive Family Support

These services respond to local need and priorities, but generally Intensive Family Support (IFS) services target families with complex and multiple needs where there is a risk of poor life outcomes for children and young people in those families. Action for Children worked with Loughborough University to evaluate these services, and the report found evidence of improved parental mental health, confidence, aspirations, family routines and parenting skills, familial relationships, budgeting, engagement with services, educational outcomes, and the child or young person's emotional or mental wellbeing. The evaluation also indicated that that the provision of IFS services to families facing multiple difficulties may contribute to a reduction in local authority spending, through both realisable savings and costs avoided.

NSPCC's Letting the Future In

Letting the Future In is a therapeutic recovery service designed by the NSPCC for children aged 4 to 17 years who have been sexually abused. It is delivered by a trained social worker or therapist and uses a range of creative therapy approaches to help children and young people express themselves. The service was evaluated in collaboration with the universities of Bristol and Durham in the largest multi-site randomised control trial in the world for a sexual abuse intervention. The evaluation found that: almost three-quarters (73%) of children aged 8 and over who completed 6 months of Letting the Future In had severe emotional difficulties at the start. After 6 months this dropped to less than half (46%). This compared with no significant change in the control group, which indicates that the positive outcomes were a result of receiving the service. The average comprehensive cost to deliver is £2,300 per case for the NSPCC compared to an average case for Child and Adolescent Mental Health Teams of almost £5,000.

It is imperative that available funding is spent efficiently, making the most of partnership working and expertise from across the voluntary sector. But even the most cost effective services will still require adequate resourcing to operate day-to-day. Continued cuts to central government funding will leave local authorities without the resources needed to benefit from even the most productive and efficient approaches to helping children and young people.

Local authority spending by region

The patterns of spending reductions across different regions has remained largely consistent with those identified in our previous report, *Turning the Tide*.²⁴

London remains the region with the largest fall in local authority spending since 2010/11, whilst the North West has also seen sustained reductions. Beneath both these regions, there has been a quickening of the pace of reductions in other areas. Between 2010/11 and 2015/16, local authorities in the East Midlands reduced spending by 9%. But including the last two financial years, the reduction has increased to 18%. This is similar to the West Midlands, where between 2010/11 and 2015/16 there was a 15% reduction but between 2010/11 and 2017/18 there has been a 22% reduction.

Table 3: Regional spending on children and young people's services in real terms²⁵

	2010/11 (mn)	2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
London	£2,118	£1,566	-£552	-26%
West Midlands	£1,114	£867	-£247	-22%
North West	£1,020	£821	-£199	-19%
East Midlands	£489	£402	-£87	-18%
East of England	£1,231	£1,019	-£211	-17%
Yorkshire and the Humber	£1,477	£1,231	-£247	-17%
North East	£751	£673	-£78	-10%
South West	£1,299	£1,263	-£36	-3%
South East	£798	£791	-£7	-1%

Similar to patterns in cuts to funding, there is a difference spending reductions between the North and South of England. 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%. This compares to 15% in the South of England and 15% in the Midlands.

Local authority spending by level of deprivation

The fall in spend by level of deprivation continues to reflect trends we identified in our *Turning the Tide* report.²⁶ Between 2010/11 and 2017/18 the most deprived local authorities have reduced spending on children and young people's services by almost five times as much as the least deprived areas.

Table 4: Spending on children and young peoples services by deprivation in real terms²⁷

	2010/11 (mn)	2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
1 - Least deprived	£1,728	£1,648	-£80	-5%
2	£2,281	£1,945	-£336	-15%
3	£1,937	£1,635	-£302	-16%
4	£2,049	£1,655	-£394	-19%
5 - Most deprived	£2,301	£1,749	-£552	-24%

In comparison to the reductions in funding, it is noticeable in how difficult the most deprived local authorities have found absorbing cuts to central government grants without cutting spending. Whilst the least deprived have a 21% cut to funding, their level of spending has only fallen 5%. In comparison, the most deprived have seen their funding cut by 37% and have reduced their spending by 24%.

Local authority spending on late and early intervention services

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

Those services that can step in early are a broad group which provide help at different times depending on the needs of each child, young person or family – including both universal and targeted approaches. These can include parenting programmes in children’s centres that provide help for parents who might be finding their child’s behaviour difficult to manage, or youth groups which provide opportunities for young people who face a challenging life at home such as those responsible for caring for an ill parent or who are at risk of becoming involved with crime.

These types of early intervention services help to stop problems from escalating. In the case of parenting programmes, helping a child learn to control their emotions when young helps to stop problems in forming appropriate relationships with others as they get older. For young people, a place to go and share difficulties with those in similar situation can be vital in preventing young people becoming overwhelmed and needing intensive support.

Alongside early intervention services, there are a number of teams and professionals who are responsible for taking more immediate steps to help children. This can involve visits from social workers to see how a child is doing in the family home or, if there are serious concerns about a child’s safety, taking the child into the care of the local authority. These services are often referred to as statutory services as local authorities are required to act if children reach a certain threshold for help.

These statutory services are a vital function for any local authority. But they reflect the need to step in because problems have escalated to crisis point. In comparison to early intervention, these late intervention services, aren’t designed to try and spot problems early. In addition to being more costly, by the time a family has reached crisis point, they are likely to have experienced really difficult challenges that are detrimental to a child, young person or parent. This makes investing in early intervention services all the more valuable to local authorities and families alike.

Our previous reports, *Losing in the long run* and *Turning the Tide*, underscored how these two areas had seen noticeably different trends in spending since 2010.²⁸ With little action from central government, the sustained patterns of cuts to early intervention and increased spending on late intervention has continued.

Early intervention spending

The most recent local authority figures show that spending on early intervention has continued to fall.²⁹ Collectively, spending on children's centres, family support services and services for young people was £1.8 billion lower in 2017/18 compared to 2010/11. In the last eight years, spending on early intervention services has fallen by 49%.

Local authority spending on early intervention services for children and young people in real terms (2017/18 prices)



The fall in early intervention spending is driven by reductions in two main service areas – children's centres and services for young people. Both have seen budget cuts of well over half since 2010. In both cases, reduced spending has impacted on frontline services. Over 1,000 children's centres have closed since 2009³⁰ and 603 youth centres have closed since 2012.³¹

Since our last report, which looked at spending up to 2015/16, both have seen further cuts. Between 2010/11 and 2015/16, spending on children's centres fell by half (50%) and spending on services for young people fell by 60%. This has jumped to 62% and 72% respectively when including the last two years of local authority spending returns.

Table 5: Local authority spend on early intervention services in real terms³²

Area of spending	Spend in 2010/11 (mn)	Spend in 2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
Children's centres	£1,521	£579	−£942	−62%
Family support services	£944	£959	+£15	+2%
Services for young people	£1,249	£352	−£897	−72%
Total	£3,714	£1,890	−£1,824	−49%

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.

Case study: Kausar and the help she received from her local children's centre

Kausar knew that something wasn't right with her two-year-old son Daniyal, but initially she reassured herself it was because that there was a lot going on as the family had just welcomed twin girls, Isla and Kinza.

"When the twins were born, Daniyal saw we'd wake up in the night to feed them and he'd wake up too," says Kausar. "He'd scream for an hour in the night - we worried the neighbours would complain. We noticed he didn't like noise, he didn't maintain eye contact, he wouldn't smile. His speech regressed too."

Kausar began to worry and needed help, but leaving the house was a big challenge. Kausar contacted her local children's centres and staff arranged to visit her at home. "That was brilliant, if I hadn't met the children's centre staff face to face on that occasion, I don't think I'd have physically got out of the house," says Kausar.

As well as helping Daniyal, Kausar was encouraged to come along to Stay and Play sessions. "Those sessions felt like a break for me and the children were getting stimulation in an environment that was good for them as well" says Kausar.

The help on offer led to Daniyal being diagnosed with autism and selective mutism. At around the same time, Kausar noticed that Isla and Kinza weren't reaching their developmental milestones. They were also later diagnosed with global development delay.

"Emotionally it was a lot to take on," says Kausar. "At times I felt really depressed. Getting out to those children's centre sessions helped normalise things. We really benefited from that."

Now Kausar and her family are benefiting from a local short break service, with Daniyal, Kinza and Isla attending half-day sessions every fortnight. Without this kind of support, Kausar believes she may have sunk further into depression: "I might have just stayed at home and never wanted to go out again."

The support has meant a lot to Kausar and her family. "Looking back over the last two years, I don't think I'd have been able to cope without our children's centre," she says. "They are always there for us."

Despite the valuable role of early intervention, spending on these services represents a diminishing proportion of local authority budgets. In 2017/18, early intervention represented 22% of local authority spending on children and young people's services. This has fallen from 36% in 2010/11.

The challenge of doing more with less is a driving factor for many local authorities to seek innovative approaches to providing support for children, young people and parents. A key part of this has been to make the most of local partners such as health, education and the police. There are a number of examples where charities have worked with some local authorities to help make the most of the resources available.

Barnardo's Newport Integrated Family Support Service

In 2012 service leaders in Newport City Council and Barnardo's developed a vision for transformative change in Newport and committed to investing significant resource, as equal partners, to develop a sustainable model for delivering better outcomes for vulnerable children.

The idea was to create a continuum of integrated family support services for Children in Need and their families that is effective in protecting children from harm and promoting family wellbeing, including through:

- Safely reducing the number of children in care, in proceedings or on the Child Protection Register;
- Bridging the gap between universal and specialist service provision to prevent the need for more intensive interventions;
- Reducing specific risk factors for individual families by 25% or more (and therefore by increasing child and family resilience).

The Oxford Brooks University's Institute of Public Care (IPC) evaluation found 48% of all families the team had worked with – many of whom were on the brink of care – had achieved very positive outcomes. In other areas without this form of intervention the IPC found only 21% of families had such positive outcomes. Additionally, it is highly cost-effective with an average cost benefit ratio for successful cases of £64 savings for every £1 spent on the service and a return of approximately £31 for every £1 spent on the service overall.

Lambeth Early Action Partnership (LEAP)

A Better Start is a “test and learn” programme across five local area partnerships, one of which is LEAP. It focuses on pregnancy and the first four years of a child's life, and aims to facilitate a shift in culture and spending across children and families agencies towards prevention.

LEAP, which is hosted by NCB, brings together local NHS, public health, local authority, voluntary and community sector and the wider community together to co-produce and deliver less bureaucratic, more joined-up services for local families. The range of interventions cover the following areas of development which are known to have the biggest impact on long-term outcomes:

- Social and emotional development – including through the parent-infant relationship service (PAIRS) which is delivered through mental health services and children's centres.
- Communication and language development – including through the making it REAL programme which supports parents to create positive home learning environment.
- Diet and nutrition – including breastfeeding support and personalised healthy eating and physical activity advice for expectant mothers who are overweight.

Innovation can help early intervention services to become more effective and deliver better outcomes for families. But the challenge remains for local authorities to deliver these when the available budget is shrinking. Early intervention is a long-term investment, with programmes needing time to become embedded and the benefits becoming clearer years after a particular programme have finished working with a family. If the trend in reductions to early intervention spending continue, there will not be the resources available to put these services on a sustainable footing.

In addition to spending of children’s centres, family support and services for young people, local authorities will also provide a range of services for disabled children and their families. This area has seen a similar pattern of spending reductions to other early intervention services. Between 2010/11 and 2017/18, spending on these services fell by 11% and now represent 4% of total spend on children’s and young people’s services.³³

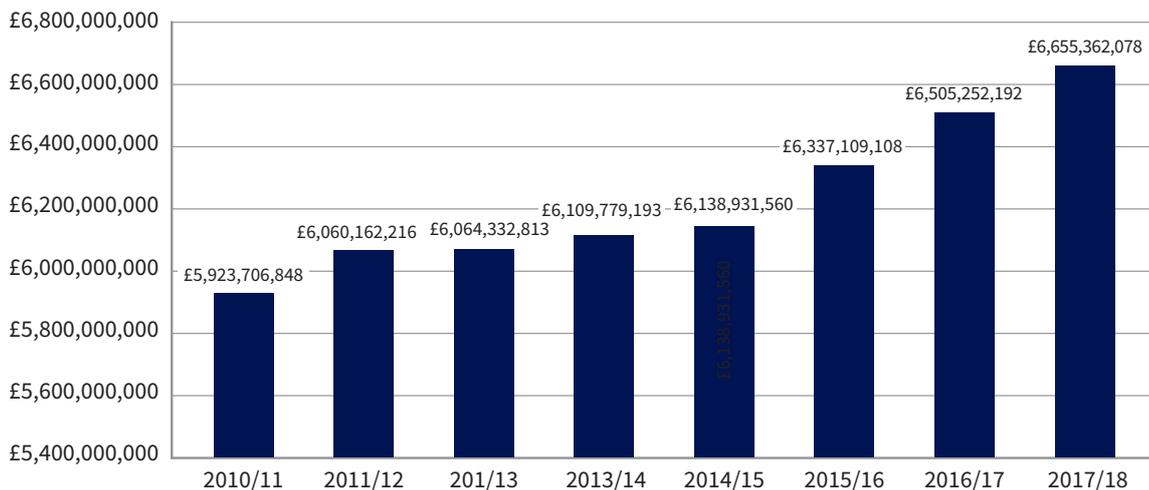
Table 6: Local authority spending on disabled children’s services in real terms (mn)³⁴

2010/11	£367
2011/12	£377
2012/13	£378
2013/14	£366
2014/15	£352
2015/16	£347
2016/17	£335
2017/18	£328

Local authority spending on late intervention services

Figures for last year show that local authority spending on late intervention has continued to rise.³⁵ Collectively, spending on children in care, youth justice and safeguarding was £732 million higher in 2017/18 compared to 2010/11. This is a 12% increase.

Local authority spending on late intervention services for children and young people in real terms (2017/18 prices)



The increase in late intervention spending is driven by two main areas of spending – safeguarding and children in care. The vast majority of local authorities have increased spending in these areas, with some more than doubling their budgets for looked after children and safeguarding between 2010/11 and 2017/18.

In comparison to our previous analysis, there has been a large increase in spending on looked after children. Between 2010/11 and 2015/16, local authority spending on this area increased by 10% but between 2010/11 and 2017/18 this was 20%. This is explained by rapid increase in year-on-year spending which, from 2016/17 to 2017/18, was the highest for over five years.

Table 6: Local authority spend on late intervention services in real terms³⁶

Area of spending	Spend in 2010/11 (mn)	Spend in 2017/18 (mn)	Change from 2010/11 to 2017/18 (mn)	Change from 2010/11 to 2017/18
Looked after children	£3,556	£4,262	+£706	+20%
Safeguarding ³⁷	£2,033	£2,243	+£210	+10%
Youth justice	£335	£150	-£185	-55%
Total	£5,924	£6,655	+£732	+12%

The increase in spending reflects rising demand. Since 2010, there has been a 7% increase in referrals to children’s social care services, a 26% increase in the number of children subject to a child protection plan³⁸ and a 17% increase in the number of children in care.³⁹

This trend is unlikely to change in the near future. In the next five years, 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.⁴⁰

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 77% in 2017/18. The continued demand on these services makes it difficult for local authorities to reverse the shift towards late intervention without additional investment.

What is needed?

With demand for statutory services continuing to rise, ongoing cuts to funding has created a growing funding gap. Despite local authorities taking steps to shield frontline services from the full force of cuts, the situation is unsustainable.

The lack of available funding is forcing local authorities to increasingly focus on late intervention services. Without being able to reduce or even limit demand, pressure on the most costly areas of children and young people's services will only continue to increase. With much needed additional funding for local authorities, there should be a prioritisation on early intervention services.

We know that local authorities with the most deprived communities have suffered the greatest reductions in spending power, leaving many children with multiple vulnerabilities lacking much-needed access to support. This worrying trend should be reversed.

Central government should:

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

Methodology

Modelled estimate of funding for children and young people's services

To provide an estimate of central government funding for children and young people's services we have used core spending power. This is detailed through the Local Government Finance Settlement published by the Department for Communities and Local Government (DCLG). We have estimated a share of the core spending power for children and young people's services in 2010 based on reported s.251 returns. We have used this as a baseline to estimate the share of core spending each financial year as the same proportion allocated in 2010. These figures are presented in real terms.

Spending on children and young people's services

To produce figures for our analysis we have reviewed publicly available section 251 data published by the Department for Education (DfE). This data provides a record of spend by local authorities on their children and young people's services each year. We have used cash figures as reported for each year and presented these throughout our analysis in real terms.

Spending on early and late intervention

In our analysis we have taken a broad approach to defining early intervention, incorporating some universal and targeted services. The Department for Education publishes guidance for local authorities to categorise their spending on children and young people's services. We have this guidance for each financial year to determine the nature of each spending line. We have aggregated the spend lines to present overall spend for several groupings categorised as early or late intervention.

Early intervention funding covers spending on services that seek to work with children at a lower level of need. This includes:

- Children's centres and other early years services: This includes local authority spending on the management of children's centres and delivery of their services. It does not include the early education free entitlement.

- Family support services: This includes targeted family support (such as intensive family interventions, home care and contributions to healthcare for children) and universal family support (for example, home-school liaison, peer to peer support services and relationship support).
- Services for young people: This includes targeted and universal services for young people, such as: youth work, activities for young people, services to support young people's participation in education or training, student support, and preventative substance misuse and teenage pregnancy services.

Late intervention refers to those areas of spend primarily dealing with children who have reached a higher level of need. This includes:

- Youth Justice: This includes cost related to youth offending teams, secure accommodation and remand fostering costs.
- Children in care: this includes adoption and fostering services, residential care and cost of children leaving care.
- Child protection and safeguarding: this includes spending on local safeguarding children's boards, functions under the child death review processes and social work.

Inflation and population figures

The Retail Price Index (RPI), Consumer Price Index (CPI) and Consumer Prices Index including owner occupiers' housing costs (CPIH) can all be used to gauge inflation changes for children and young people's service spending. This report uses the latest Office of Budget Responsibility RPI measure of inflation. All figures are presented in 2017/18 prices.

To estimate spending per child we have used mid-year population estimates from the Office National Statistics.



About Action for Children

From before they are born until their twenties, Action for Children helps disadvantaged children across the UK. We improve the lives of over 300,000 children, young people, parents and carers every year by doing what's right, doing what's needed, and doing what works for children.



National Children's Bureau

About NCB

NCB is a leading children's charity working to build a better childhood for every child. We listen to children and young people and work with those supporting them to develop evidence on what needs to be done to enable children to enjoy their right to be safe, secure and supported so they can flourish and fulfil their potential.



About Barnardo's

Barnardo's is the largest national children's charity in the UK. We exist to transform the lives of the most vulnerable children and young people. Last year we supported more than 301,100 children, young people, parents and carers through over 1,000 services. We believe in children – no matter who they are, or what they've been through.



About The Children's Society

The Children's Society is a national charity that works with the most vulnerable children and young people in Britain today. We listen. We support. We act. Because no child should feel alone. In 2017/18 we worked with over 11,000 vulnerable children and young people in our services.



About NSPCC

The NSPCC is the leading children's charity fighting to end child abuse in the UK and Channel Islands. We help children who have been abused to rebuild their lives, protect those at risk, and find the best ways of preventing abuse from ever happening.

Endnotes

- ¹ National Audit Office (2019) Pressures on Children's Social Care. [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf>. Accessed 30th January 2019.
- ² House of Commons Library (2017) Sure Start (England) [pdf] available at: <http://researchbriefings.files.parliament.uk/documents/CBP-7257/CBP-7257.pdf> accessed 11th December 2018
- ³ This figure is based on the Early Intervention Grant spend line in the Local Government Finance settlement. The figure is presented in real terms.
- ⁴ Figures have been rounded to the nearest hundred million.
- ⁵ This figure is reflective of the population in England of children and young people aged 0-19. The figure has been rounded to the nearest pound. In comparison, per capita spending on 0-18 fell from £861 in 2010-11 to £582 in 2017-18. The per capita spend on 0-25 fell from £609 in 2010-11 to £417 in 2017-18
- ⁶ Figure has been rounded to the nearest pound.
- ⁷ There has been a 4% increase in the under-19 population across England. In comparison, there has been a 5% increase in the under-18 population and a 3% increase in the 0-25 population.
- ⁸ In 2010/11 children and young people aged 0-19 made up 24% of the total population in England. Adults aged 20-64 made up 60% of the population and older adults aged 65 and over made up 16% of the population. In 2017/18 children and young people made up 24% of the population. Adults aged 20-64 made up 58% of the population and older adults made up 18% of the population.
- ⁹ All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ¹⁰ Office of the Children's Commissioner (2017) Growing Up North. [pdf] available at: <https://www.childrenscommissioner.gov.uk/wp-content/uploads/2017/06/Childrens-Commissioners-Growing-Up-North.pdf>. Accessed 2nd January 2019.
- ¹¹ This relates to the rate of children who are in care, where referred to children's services and the number of section 47 enquires per 10,000 children and young people in 2018. For further information please see: Department for Education (2018) Children looked after in England including adoption: 2017 to 2018 [pdf] available at: <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2017-to-2018> and Department for Education (2018) Characteristics of children in need: 2017 to 2018 [pdf] available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>.
- ¹² All figures presented in real terms. Figures have been rounded to the nearest hundred million.

- ¹³ The Institute for Fiscal Studies (2015) The most deprived councils are likely to continue facing the sharp end of local government spending cuts. [online] Available at: <https://www.ifs.org.uk/publications/7732>. Accessed 14th February 2019.
- ¹⁴ The Institute for Fiscal Studies (2015) The most deprived councils are likely to continue facing the sharp end of local government spending cuts. [online] Available at: <https://www.ifs.org.uk/publications/7732>. Accessed 14th February 2019.
- ¹⁵ Figures are taken from the Department for Education statistical releases.

	2010	2018	Change from 2010-2018	Change from 2010-2018
Least deprived	9,810	11,886	+21%	2,076
Most deprived	14,935	17,329	+16%	2,394

For further information on Children in Care figures please see: Department for Education (2018) Children looked after in England including adoption: 2017 to 2018. [exls] available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/757933/Children_looked_after_in_England_2018_LA_tables_revised.xlsx. Accessed 4th January 2019.

- ¹⁶ Department for Education (2018) Children looked after in England including adoption: 2010 to 2011. [exls] available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/218976/sfr27-2010la.xls. Accessed 4th January 2019. Figures are taken from the Department for Education statistical releases. Data supplied by local authorities in 2010, 2011, 2012 and 2013 contained omission amongst those in the most and least deprived local authorities. We have used data from 2014 as there were no omissions in this year from authorities in either the least or most deprived quintiles.

	2014	2018	Change from 2014-18	Change from 2014-18
Least deprived	69,405	74,845	+8%	5,440
Most deprived	78,148	84,605	+8%	6,457

For further information on Children in Need figures please see: Department for Education (2014) Characteristics of children in need: 2013 to 2014. [exls] available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367878/SFR43_2014_Tables.xlsx. Accessed 4th January 2019. Department for Education (2018) Characteristics of children in need: 2017 to 2018. [exls] available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762539/Characteristics_of_children_in_need_2017-2018_Main_tables.xlsx. Accessed 4th January 2019.

Endnotes

- ¹⁷ National Audit Office (2019) Pressures on Children's Social Care. [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf>. Accessed 30th January 2019.
- ¹⁸ Department for Education (2017) Children's services: spending, 2010-11 to 2015-16. [pdf] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662767/LA_expenditure_Childrens_Services_Update.pdf. Accessed 4th January 2019.
- ¹⁹ Bywaters, P. (2017) Identifying and Understanding Inequalities in Child Welfare Intervention Rates: comparative studies in four UK countries [pdf] available at: https://www.basw.co.uk/system/files/resources/basw_82151-10_0.pdf. Accessed 15th February 2019.
- ²⁰ Figures have been rounded to the nearest hundred million.
- ²¹ This figure has been rounded to the nearest hundred million.
- ²² National Audit Office (2019) Pressures on Children's Social Care. [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf>. Accessed 14th February 2019.
- ²³ Local Government Association (2018) Local government funding: Moving the conversation on Technical Annex: Key assumptions and outline results of the 2025 funding gap analysis. [pdf] available at: <https://www.local.gov.uk/sites/default/files/documents/Technical%20Annex%20%281%29.pdf>. Accessed 11th December 2018.
- ²⁴ For further analysis of spending by region please see: Action for Children, National Children's Bureau and The Children's Society (2017) Turning the tide. [pdf] available here: https://www.ncb.org.uk/sites/default/files/field/attachment/Turning%20the%20tide%20report_final.pdf. Accessed 2nd January 2019
- ²⁵ All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ²⁶ Action for Children, National Children's Bureau and The Children's Society (2017) Turning the tide. [pdf] available here: https://www.ncb.org.uk/sites/default/files/field/attachment/Turning%20the%20tide%20report_final.pdf
- ²⁷ All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ²⁸ Action for Children, National Children's Bureau and The Children's Society (2016) Losing in the long run. [pdf] available here: https://www.actionforchildren.org.uk/media/5826/losing_in_the_long_run.pdf Accessed 2nd January 2019.
- ²⁹ We have taken a broad approach to defining early intervention, incorporating some universal and targeted services. This reflects the government's own approach; it has expected local authorities to use their early intervention funding allocation – previously called the Early Intervention Grant – to pay for a range of universal and targeted services, including information and advice for young people, Sure Start children's centres, teenage pregnancy services, respite care for families of disabled children, and other support for families.
- ³⁰ Smith, G., Sylva, K., et al (2018) Stop Start. [pdf] <https://www.suttontrust.com/wp-content/uploads/2018/04/StopStart-FINAL.pdf>. Accessed 2nd January 2018.
- ³¹ Unison (2016) The future at risk: cuts in youth services. [pdf] available at: <https://www.unison.org.uk/content/uploads/2016/08/23996.pdf>. Accessed 2nd January 2018.
- ³² All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ³³ Figures have been rounded
- ³⁴ Figures have been round to nearest hundred million.
- ³⁵ Late intervention refers to those areas of spend primarily dealing with children who have reached a higher level of need. Spend in this area is targeted at specific needs and will include children in care and youth justice. Please see methodology for further information.
- ³⁶ Figures are presented in real terms. Figures have been rounded.
- ³⁷ In 2010/11 the Department for Education s.251 outturns recorded spend in this area under two separate spending lines – 'commissioning and social work' and 'children and young people's safety'. These have been combined to reflect 'safeguarding children and young people's services' spending to make this comparable to 2010/11.
- ³⁸ Department for Education (2011) Characteristics of children in need: 2010 to 2011 [pdf] available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-in-england-financial-year-2010-to-2011-final-figures> and Department for Education (2018) Characteristics of children in need: 2017 to 2018 [pdf] available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2017-to-2018>
- ³⁹ Department for Education (2011) Children looked after in England including adoption: 2010 to 2011 [pdf] available at: <https://www.gov.uk/government/statistics/children-looked-after-by-local-authorities-in-england-year-ending-31-march-2011> and Department for Education (2018) Children looked after in England including adoption: 2017 to 2018 [pdf] available at: <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2017-to-2018>
- ⁴⁰ Association of Directors of Children's Services (2018) Safeguarding Pressures Phase 6 [pdf] available at: http://adcs.org.uk/assets/documentation/ADCS_SAFEGUARDING_PRESSURES_PHASE_6_FINAL.pdf. Accessed 13th December 2018.