Why The Red Book?

Each year the UK Government publishes a Red Book, its Financial Statement and Budget report, which includes economic analysis and summarises the annual Budget measures. This is the second edition of Action for Children’s analysis of how decisions made in the Spending Review are impacting on the lives of the most vulnerable children, young people and families.¹

Action for Children would like to thank Rachel O’Brien for editing the Red Book and all those who gave up their time to be interviewed.

Gemma’s story

Gemma is a young carer and has been for as long as she can remember. From the moment she wakes up, and even throughout the night – “I just jump up as soon as I can and deal with him” – she helps her mum to care for her younger brother, who has physical disabilities.

“I get up really, really early, before everyone else. The other morning it was at quarter past five, ’cause I had maths homework to do. Then I make my mum’s coffee and the breakfasts and I go and get my mum up and then my brothers. My littlest brother’s the hardest to get up.”

Although Gemma loves school and studies hard, she struggles to switch off from the situation at home.

“Switching from being at home to being at school is very difficult. I like going to school, but it takes – sometimes – an hour or two to get the fact into my head that I’m not at home anymore and that I don’t, sort of, have to have it in my head. But I’m always worrying anyway. It’s like when my brother had his accident and mum ended up in hospital, it was all stuff that happened when I was at school.”

Gemma has been attending Action for Children’s Young Carers’ service since primary school. It is the only place where she feels that people really understand what is going on at home and where she can relax.

“It’s where I feel the age I am. I first started going away on weekends to a house with people my age. We went fishing for crabs; I ran away because my little brother chased me with it! Young Carers is good because it, kind of, took my mind off what’s happening at home. It makes it less stressful ‘cause, like, if they wouldn’t have been there then it would just have been getting harder and harder. I don’t like asking for help because sometimes you feel, like, what’s the point in asking? If you’re not used to getting it, you just form that barrier.

“Usually, I don’t tell anyone about my brother. I don’t think it would be a good thing, in a way, because it just sometimes feels a bit... it would show I am different to everyone else... There [at Young Carers] you meet people that go through the same kind of thing and you connect with them in ways you wouldn’t connect with other people. So it helps you make new friends as well. It makes me feel better, sort of independent.”

Gemma’s experience as a young carer has inspired her to aim for a career in medicine. “I want to be a children’s doctor when I’m older. I’ve always wanted to look after people, like when I was younger I always looked after my brothers. I just like making them happy. I won’t be able to go to a university far from home, just in case something happened to mum or my brother. People would need to be there to help; someone that could be there in five or 10 minutes.”

Action for Children’s young carers’ service is finding it hard to meet the huge increase in demand for its service. The service is trying to deliver the same level of support to all of the children and young people it works with. However it must prioritise those with the greatest need – this means Gemma is unable to attend her weekly sessions. The staff have worked hard to include her in additional activities, especially in the holidays, as well as ensuring there is an open door policy for Gemma to contact them at any time.

“I’m thinking, well, ’cause I’m not going, it’s giving other people a chance now. That’s how I think of it.”
Executive summary

Action for Children has been working with the most vulnerable children and families in the UK for 143 years. While many of the problems that this report highlights may be new to individuals, families and some communities, they reflect problems that have persisted for decades. Barriers to long-term strategic planning, lack of investment in prevention and short-term policy thinking; these things have been with us for some time. We have seen recessions and their impact before, as well as enduring the longer-term consequences of reduced services and the failure to prioritise prevention. Given the severity of the present economic situation, it is timely to ask how best to ensure that we are able to prevent the problems of our most vulnerable children and families escalating, even when difficult spending decisions are being made.

The purpose of the Red Book, published annually on the anniversary of the Coalition Government’s first Spending Review, is to ensure the public and policy makers are aware of the real life impact of our current economic circumstances, and also to highlight ways in which far more could be achieved for the investment available. We have surveyed the impact of spending changes over the past year on those who receive Action for Children services and have then considered this in the light of significant research which has taken place in the same period.

We have not only highlighted the immediate impact of on-going policy and spending decisions but also assessed their unintended consequences and longer-term implications. To this end The Red Book 2012 outlines the policy context within which we are working. It recognises the Coalition Government’s wider policy objectives that aim to support early intervention, reduce the number of ‘troubled families’, tackle youth unemployment and increase social mobility and considers how these policies are being implemented at a local level.

In this year’s Red Book we explore alternative policies, underpinned by long-term sustainable funding streams, that could enable the shift to early intervention, to which both the Coalition Government and Opposition are committed. This would provide greater value for money for the taxpayer through delivering better and more sustainable outcomes. But, by its very nature, this shift presents a challenge not only to the current Coalition Government but also to all political parties, as this type of long term planning would require cross party consensus.

Impact of spending decisions on vulnerable children and families

As a total picture, the evidence presented here makes sober reading. We found budgets for frontline services are being further squeezed following cuts last year, demand for services continues to increase and children and families are facing more severe problems than they were this time last year.

However, we did identify a number of more positive findings when we assessed the data by specific services. For example, almost a third of children’s centre managers say they have a contract in place that will see out the Spending Review period, showing that some local authorities are creating the conditions for stability, service development and achievement of demonstrable impact.
Another positive finding was that only 13 per cent of family support service managers had seen a decrease in the number of hours their staff were able to spend with children and families this past year. This figure shows that some local authorities are taking the initiative in innovative commissioning arrangements to enable our services to maintain the required level of support for those vulnerable children and families they are able to work with. However, this is in the context of the rising needs of our service users and increased referrals to services.

In comparison to last year however, many worrying findings have emerged. Across all services, managers reported almost two in every three families we work with are also now facing more severe problems than they were at this time last year. Asked why they thought the needs of those we work with have increased in the past year, managers cited numerous reasons, including the recession, unemployment and changes to welfare. Added to this, demand for frontline services is intensifying with 51 per cent of managers reporting an increase in referrals over the last six months.

When we view our findings alongside the current political and economic context, it is clear to see that the reduction in resources, combined with changes to benefit entitlements and the rising cost of living, are resulting in the needs of vulnerable children, young people and families escalating. Increased demand on already stretched services is resulting in preventive services being deprioritised in favour of crisis intervention. This is creating a vicious circle where services are unable to intervene early and tackle problems when they first arise. As one service manager put it, this changes the profile of demand: “I am being asked to do exactly what I’m set out to do, but I have more referrals, so my output doesn’t fit my input at the moment. Numbers have grown, issues have grown and I just can’t meet the demand.”

In financial terms, this under-investment in prevention represents a false economy. The cost of not investing in prevention creates longer-term burdens on the taxpayer; in recognising this the Coalition Government is taking forward recommendations from Graham Allen’s early intervention review. There is now a broad consensus that acute problems, such as parental neglect or family breakdown, cost more to address and have much longer-term implications than effective family support when problems first arise. For example, our estimates suggest that losing early intervention services, which prevent children going into care, would cost society more than £1.3 billion each year. In human terms this means more children not getting the help they need when they need it and families struggling to make ends meet. As one mother explains, relatively small things can cause problems to escalate: “I wish I was working so I wasn’t struggling just to get food, gas, electric, the basics really. My kids are missing out on a lot. So, I’ve taken loans out with, like, lenders to get by. It was Christmas, so I had to pay that off. And then I needed some items for my household, a bed, wardrobes, chest of drawers, so I took another one out. It’s a bit of a vicious circle.”

With this escalating level of need, it is all the more important that we invest wisely in services with a proven track record and where support can be increased or decreased depending on the severity of need, a view shared by Family Action: “The Coalition and commissioners have been faced with tough spending decisions; and in our experience strategic choices have been the casualties of fast deep cuts in 2010/11. The surviving interventions are crisis, rather than truly early intervention in character and in the long-term this could increase public spending rather than save it. This is because while crisis interventions are important in the mix of services, they are not as effective and do not save as much money as early intervention.” Helen Dent CBE, Chief Executive, Family Action

The future

We are gravely concerned that there has been a sharp increase in children and families facing more severe problems than they were at this time last year. We fear this will continue to rise, especially as we know that by the end of March (2012) only 12 per cent of the planned total cuts to public service spending had taken place including far reaching welfare reforms that are still to be implemented.

The Coalition Government strategy to address the economic downturn must have at its heart the imperative to mitigate the impact on the most vulnerable children who, by definition, cannot protect themselves. When taking
hard decisions, government is responsible and must be held accountable for warding against further pressure upon children and families, however unintended this might be. This must be the Coalition Government’s priority throughout the remainder of this Spending Review and in planning for the next.

**Action for Children’s long term ambitions**

We want to bring about a transformation in children’s services that can weather political change and economic downturn and ensures that there is greater protection for society’s most vulnerable citizens in bad times as well as good. This is an opportunity to protect future generations of children.

There exists a broad political consensus on the need to shift children’s services towards early intervention approaches, yet there are still a number of barriers to realising this shift. The capacity of those commissioning and delivering children’s services to plan over a longer period is limited. This is in spite of the fact that the outcomes targeted by these practitioners are best secured through long-term planning and consistent support.

It would be a major step forward if all three major political parties committed to developing alternative approaches to funding children’s services that promote prevention and are underpinned by long-term sustainable funding streams.

We need the political will across parties to give local areas genuine freedom and power to make real and lasting change. To achieve this we recommend the following:

- The Coalition Government must introduce a statutory duty upon local authorities to provide sufficient early intervention services in their local area;
- The Coalition Government and HM Opposition should together commit to alternative and long-term funding arrangements for local children’s services, providing the security needed to achieve better outcomes and a shift to early intervention

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3 Based on interviews with 153 managers.

4 Early Intervention: The Next Steps. Op Cit

5 New Philanthropy Capital used the SROI developed by nef (2008) to provide figures on Action for Children’s East Dunbartonshire Family Support service to assess the programme’s success in preventing children from going into care. This figure takes into account the savings of £0.8 billion the Coalition Government would make from not providing family support services to all children in the UK at risk of going into care. Cutting these services would be a false economy, as many more children would be taken into care, at a cost of £2.1 billion. This gives a net cost of £1.3 billion (£2.1 billion–£0.8 billion).


7 ibid.
Introduction

On 20 October 2010 the Chancellor of the Exchequer, George Osborne, submitted his four-year Spending Review to Parliament, outlining spending intentions for government departments for the period 2011/12 to 2014/15. Presented as a means of stimulating growth, promoting fairness and facilitating reform, it represented a radical shift in fiscal and social policy.

In May 2010, the Coalition’s programme for government made clear its partners shared a commitment to early intervention to support the UK’s ‘neediest’ families. Responding to the impact of the financial crisis and the UK’s deficit was never going to be painless, but the Coalition Government made a commitment to protect the most vulnerable and to ensure that services were able to support families and individuals before problems escalate or become entrenched. At the same time, the Coalition Government began the process of shifting power from central to local government in order to free up local authorities from the constraints of government to be able to respond more effectively to local need.

The Chancellor has now delivered two Budgets and an Autumn Statement, all confirming the direction of travel: deficit reduction and ‘spending within our means’; stimulating economic growth; ‘getting Britain working’ and reforming the welfare system. At the same time, the Coalition Government has been able to progress a number of policies that aim to encourage early intervention, promote social mobility and support vulnerable children, young people and families.

Two years on, and using our experience as one of the largest children’s charities in the UK, this annual study explores the impact of government decisions are having on the lives of some of the UK’s most vulnerable children, young people and families.

As one of the mothers involved in this research, asks: “Well, some of the families who are really struggling... they’re going to be stuffed now, aren’t they?” The Red Book 2012 provides a stark response to this question.

Action for Children exists to provide services for and advocate on behalf of the most vulnerable children, young people and families in the UK who rely on public services and welfare support. Most of the parents we work with want, as the Prime Minister has put it, to ‘rescue themselves’ and have high aspirations for their children. As one parent said: “I want to see 100% attendance on [my son’s] school record. I want to be in college or university. I want to be aiming to get a good job, so that [my son] can say, ‘My mum did this.’” But many also struggle with parenting, poverty and social isolation and welcome the support that they get from voluntary and statutory services, benefiting greatly where this is delivered consistently.

Our role is not only to provide people with effective services that help them to take control of their lives, it is also to track how changes in policy and practice impact on the people we work with, while developing positive ideas for reform. To this end, Action for Children committed itself to keeping a watching brief on how spending cuts were being felt and reporting back. In 2011 our first Red Book found that there were more children in need of support and that funding cuts to vital services were increasingly preventing this need from being met. We concluded that trends in demand and funding would result in these problems becoming more acute, with more
children experiencing hardship as a result. Action for Children services were already seeing an increasing number of families reaching breaking point; where, for example, more children were at risk of neglect or entering the care system, more young people were at risk of getting into trouble with the law, and more parents were struggling to cope. The report also identified short-term funding arrangements as a barrier to creating stability for services and argued for a new approach.

Since then, the operating environment for voluntary sector has become more challenging. The voluntary sector provides a vital safety net to the most vulnerable in our society, especially at times of crisis, binding our communities, innovating in response to new problems and drawing on family and community resources. Over the past year the voluntary sector has been described as struggling with the worst recession for 50 years. It is now predicted that by the end of the Spending Review period 2015/16, the sector will have lost £1.2 billion in government income each year, a cumulative total of £3.3 billion. Nine out of 10 charities say they are facing ‘a riskier future’ and spending on children’s social care was expected to reduce by an average of 24 per cent in 2011/12.

This is significantly more than the overall real-terms reduction in local government spending of around 10 per cent, and more than the budget reductions for most other local authority services. The Red Book 2012: methods This report is based on primary and secondary research and builds on the first Red Book in assessing the on-going impact of spending decisions. Beneath myriad of statistics and figures that show general trends in spending and reductions in services, there are individual life stories that provide a deeper insight into the often unintended but sometimes devastating consequences that decisions made in Whitehall and Town Halls can have on family life.

In trying to capture this and understand the individual impact on people’s lives, we have listened to children, young people and families. This commitment to enabling our service users to have their voices heard and experiences shared underpins a three-year study which support very vulnerable and disadvantaged groups including families with multiple needs, care leavers, young carers, disabled children and children who have been sexually abused. Combined, these services work with over 46,000 children and young people in the heart of communities across the UK.

We have also drawn on wider research, as well as that commissioned by Action for Children from the Social Care Institute for Excellence (SCIE), which is undertaking a study of local authority decision-making in respect of early intervention. This seeks to understand the conditions that facilitate and hinder effective, long-term commissioning practice. The research includes in-depth interviews with 30 senior representatives from English local authorities and feedback gathered at regional events involving 70 local authority representatives. We have drawn on research conducted by Landman Economics, on behalf of Action for Children. The Children’s Society and the National Society for the Prevention of Cruelty to Children (NSPCC), which highlights the need to protect children from the impact of austerity measures and aims to start a national debate on how children are to be protected through this tough economic period.

Red Book 2012: structure

Working right across the UK we have seen first hand the impact that spending decisions are having on the UK’s most vulnerable children and families. We have looked at whether their needs are rising and the implications of this, drawing on our own evidence and broader indicators; these are outlined in the early sections. In the central part of this book, we set out in detail the specific impacts on services being reported by frontline managers. We have assessed the data by service area and have identified the findings that are positive, given the context, those we will continue to monitor closely and those we are most concerned about.
We did not want simply to highlight the immediate impact of on-going cuts but also to assess their unintended consequences and longer-term implications. To this end The Red Book 2012 outlines the policy context within which we are working. It summarises some of the changes in the last year, assessing their impact in relation to the people we work with and to the Government’s wider policy objectives.

We cannot wish away the current economic circumstances in which decisions about public spending are being made. In the absence of additional public spending it is even more important to use the available funds wisely. To this end, we consider the additional support local authorities require from central government in a time of austerity so that they can plan effectively to meet local needs and ensure they do not lose vital preventive services.

Finally, we explore whether there are more sensible arrangements that could enable the shift to early intervention and provide greater value for money for the taxpayer through delivering better and more sustainable outcomes. There is overwhelming evidence that meeting people’s needs as soon as they emerge is the most effective way of supporting them.\(^\text{22}\) Research we commissioned from the New Economics Foundation (nef)\(^\text{23}\), identified both the financial savings and the benefits for individuals, families and communities that investing in early intervention would bring.

\(^8\) Spending Review 2010. HMT October 2010.
\(^10\) “When I say we are all in it together, I mean it... The message is this: ‘we are not coming in to rescue you – you need to rescue yourselves – but we will support you every step of the way.’” David Cameron Troubled Families Speech, 15 December 2011.
\(^12\) Impact of cuts on voluntary sector: NCVO Civil Society Almanac 2012.
\(^13\) Ibid
\(^14\) Hedley S. and Joy I. When the going gets tough: Charities’ experiences of public sector commissioning, Philanthropy Capital. May 2012.
\(^16\) Ibid.
\(^17\) See Appendix for further information.
\(^18\) Some interviewees have dropped out of the study as a result of stresses or changes to their lives.
\(^19\) This figure represents the number of children, young people and families we work with through our drop in and outreach services, some of whom will not be recognised in our official figures as they do not have a personal case file.
\(^20\) Early intervention: decision-making in local authority Children’s Services, SCIE, Research Forthcoming.
The impact of spending cuts

The Spending Review was front-loaded for local authorities, which means the bulk of cuts were required in the first year (2011/12). Yet projections show that local authorities have still had to find sizable savings in this financial year (2012/13). The projected reduction in spend in 2011/12 was 23 per cent. In 2012/13 this is reduced to 18 per cent, with 2013/14 seeing the smallest projected reduction of 6 per cent. It is important to note that the average cut in the first year (2011/12) obscures the fact that some local authorities faced cuts of up to 25 per cent. Added to this, there are more cuts to come. In February 2012 the Institute for Fiscal Studies (IFS) published its annual green budget. This showed that only 12 per cent of the planned total cuts to public service spending, and just 6 per cent of the cuts in current public service spending, will have been implemented by the end of this financial year (2011/2012).

Projected spend on children’s social care for 2010/11 totalled £8.14 billion (£620 per young person), but it was set to fall sharply to £6.28 billion in 2011/12; this represents £478 for every 0 to 19-year-old (slightly below the level in 2005/06). It means local authorities have to make swift decisions on the ground, many of which will impact on the stability of local services. Longer-term funding arrangements would reduce the likelihood of this happening. We also know that there are disparities across local authorities in that some have had a sharper reduction in their budget than others; for example, the evidence suggests that cuts will be deepest among urban local authorities and those with the highest proportion of looked after children.

Last year’s Red Book showed that cuts being made early on in the Spending Review period were already having an adverse impact and that need was rising. Over two thirds (68%) of managers reported reductions in their budgets. This year over half (54%) of managers were experiencing further cuts to their services, with nine out of 10 reporting budget-cuts of up to a third. Most worrying is the further reported increase in need and severity of problems being presented by children and their families.

The impact is cumulative and as reductions in budgets continue they become harder to absorb. For some service managers this has meant having to reduce the help they can offer: “[We have had to] stop working with children over 11. This makes them feel less valued. Not enough provision for them.” “[We are] no longer able to support people back into work.” For one young carer, budget cuts made her realise how valuable the support she had been receiving was: “I didn’t understand it was meant to be helping me and not mum, I thought it was there to help mum.”

Action for Children works in partnership with specialist services, for example mental health or substance misuse services, but we are seeing this essential provision disappearing, or families no longer being able to access them because of waiting lists or new criteria. For example, 16 per cent of the managers we spoke to said they had seen a reduction in substance abuse services. Significant numbers of managers also reported reductions in domestic violence services (19%), mental health services (27%) and finally youth services, where nearly half (47%) reported reduced services, with 3 per cent citing closures.
What Action for Children managers are seeing in their areas:
- 47% said youth services in their area have been scaled back and 3% have seen closures
- 42% said employability services in their area have been scaled back and 5% have seen closures

These reductions have knock-on effects on other local services, this strengthens the evidence that cutbacks are having unintended consequences that run counter to stated government policy. Parenting and employability support are both areas that have received attention from the Coalition Government, with significant resources put behind initiatives. However, our evidence shows substantial cut backs to exactly those interventions. Two out of five Action for Children managers taking part in our interviews reported reductions in local parenting services, with 6 per cent citing closures.

For many of the young people and parents we spoke to, getting a job was seen as critical to bettering their lives and setting an example: “If I could work it would change mine and my children’s lives. I don’t want to drag them up, I want them to see their mam going out to work and to understand that it’s normal so will want to do well for themselves.” There are more women out of work than at any time since 1987 and youth unemployment remains high. Yet 42 per cent of our frontline managers say their local employment services have reduced their services.

Further cuts are expected. An analysis from the Local Government Association (LGA) argued that money available to fund council services will have shrunk by 90 per cent by 2020 and that this shortfall could not be met with further efficiency savings, such as cuts to support services and IT.

The risk here is that local authorities – many of whom have already significantly cut their support and made other efficiency savings – will be under pressure to make further reductions to frontline services. As local authority budgets continue to be squeezed they are charged with trying to do the same for less money. By making the most of greater devolved responsibility in this difficult context, some local authorities are demonstrating the leadership and innovation required to think for the long term. As we have argued, cutting preventive services may prove costly in both human and financial terms; reductions in services that intervene early when there is a problem are likely to see more children facing acute need, with resultant child protection and care costs spiralling.

25 Michael Gove announced the difference in funding brought about by the EIG would be a 10.9 per cent reduction. http://www.cypnow.co.uk/news/1046379/early-intervention-grant-represents-11-funding-cut/ However the LGA report a decrease of 25 per cent. http://new.lga.gov.uk/lga/aio/16720540 See also, reductions to budgets in 2011/12 range from 6 to 25 per cent, with an average of 13 per cent, according to a snapshot survey of 25 councils in England (about a sixth of the total) carried out in January by Children and Young People Now magazine.
27 Smart Cuts? op. cit.
28 Ibid.
29 Managers reported cuts on the following scale: 0-10 per cent, 11-20 per cent and 21-30 per cent.
30 The Office for National Statistics said 32,000 women became unemployed between October and December 2011, compared with only 16,000 men. During that period, the number of unemployed women also hit its highest level since 1987.
31 This is based on the responses from 153 managers we interviewed.
32 Green Budget 2012, op.cit.
33 Funding Outlook for Councils from 2010/11 to 2019/20, LGA 2012.
34 Smart Cuts? op. cit.
Growing need

As well as the hard statistics that come out of our survey with our managers, many reported that they were seeing more families on the brink, worried about money and finding it difficult to cater for the needs of their children. Service users powerfully articulated the potentially devastating impact that a relatively small change could have. These families were already under enormous pressure and struggling to cope. Rising prices and actual or threatened changes to benefits are adding to this. Managers shared the sense that young people felt the odds are becoming even more stacked against them, with some not wanting to aspire to achieve if they are only to be thwarted. “Their sense of possibility [and] opportunity, level of aspiration [and] ambition has been reduced. [There is a] sense of hopelessness amongst young people: ‘why shouldn’t I take drugs or steal or prostitute myself, send me to prison, I don’t have a home to live in anyway. How can I go to university with £9000 fees?’ And that’s the most able ones.”

And as we have seen, the changes to services on the ground are substantial in some areas. Put bluntly there are more children, young people and families needing help at the same time as gaps in provision are growing. For some families, this has resulted in going without basics such as food and clothes. Others were counting their blessings, seeing the impact on others: “There are people out there who can’t even buy food. I suppose you just have to be absolutely grateful for what you have got”.

In 1997 4.4 million children were estimated to be living in poverty.\(^3\) The then incoming Labour Government announced its commitment to abolish child poverty by 2020, to halve it by 2010 and to reduce it by a quarter by 2004. These targets were enshrined in the Child Poverty Act 2010. The latest official figures show\(^4\) that in 2010/11, 18 per cent of children (2.3 million) were in households in the UK with incomes below 60 per cent of contemporary median net disposable household income. After housing costs were taken into consideration this rises to 27 per cent (3.6 million). Compared to 2009/10, this represents a fall of 2 per cent. This progress is welcome if slow.

Meanwhile, research\(^5\) has shown that between 2008 and 2015 it is estimated that the number of families with five or more vulnerabilities will increase from 130,000 to 150,000, an increase of just over 14 per cent. Using the Cabinet Office vulnerability indicators include:

- worklessness (where no family member is in work);
- housing (where the family lives in poor quality and/or overcrowded housing);
- qualifications (where no parent in the family has any academic or vocational qualifications);
- mental health (where the mother has mental health problems);
- illness/disability (where at least one parent has a limiting long-standing illness, disability or infirmity);
- low income (where the family’s income is below 60% of the median); and
- material deprivation (where the family cannot afford a number of food and clothing items)

The number of children living in families with five or more vulnerabilities will also rise by 54,000 to 365,000, an increase of around 17 per cent. Particularly worrying is the projected increase in the number of children living in extremely vulnerable families; those with six or seven different risk factors. Although currently
fewer than 50,000, the number of children living in extremely vulnerable families is set to double by 2015 to 96,000.38

The challenge is how to maintain the downward trend in child poverty during the current economic climate. The Children’s Society has highlighted, for example, that 350,000 children could lose their entitlement to free school meals as part of the welfare shake up due next year.39 As an example, it says that a lone parent with three children earning just below £7,500 a year would need a pay rise of 60 per cent, or £4,500, to compensate for the loss of free school meals under the new benefit.

Trends in unemployment also look set to continue at least in the short to medium term. Unemployment has wider knock on effects in terms of how people manage their household budgets, the levels of stress they experience and, in particular, how they meet their housing costs. Advisers at the charity Mind say calls about personal finance and employment issues have doubled since 2008.40 Meanwhile, there has been a rise in all types of homelessness: in 2011, 107,060 people approached their council as homeless, an increase of 10 per cent on the previous year.41

Young people trying improve their life chances through education, and who are unable to rely on parental support with finance, find the benefits system works against them: One care leaver, who was determined to stand on his own two feet told us: “I said, ‘If I go to college, will I still get council support for my council tax and housing benefit?’ They said, ‘Yeah, fine, just bring in the payslips’. And when I actually went on the course, a few weeks later, I received a letter saying I’d no longer receive any benefit or anything ‘cause I’m over 19 and I’d started college... they said they’d overpaid my Housing Benefit – about £300 in arrears – so I’m now paying that back. That kind of hit me as a shock.”

Action for Children’s 2011 Red Book found that there were more children and families in need of support. This was not surprising: the economic conditions do not impact on people equally and some households have more resilience and resources to cope with problems, whether they are financial or social. Many of the families that we work with are already living on the edge and what may seem like a relatively small change to their income or support levels can be devastating and have other knock on effects.

One year on when we interviewed 153 of our managers, we asked why they thought the needs of those we work with have increased in the past year, they cited numerous reasons, including the recession, unemployment and changes to welfare.

Managers also reported the following:

- More services (58% in 2012, compared to 51% in 2011) are reporting an increase in the number of children and young people facing more severe problems in their lives
- The number of frontline staff seeing suspected cases of child neglect has risen by 14% in a year to almost half (48%)
- Demand for frontline services is intensifying with 51% of managers reporting an increase in referrals over the last six months
- A fifth of our services are at capacity and are having to redirect referrals, as they cannot keep up with demand. This creates challenges both for Action for Children and our commissioning partners
- Over a fifth (21%) of frontline services have been required to change their eligibility criteria, meaning vulnerable children and families may be unable to access the support they need. It is important to note that in some cases the criteria have been relaxed so more children and families can be supported, however in most cases criteria had been tightened, restricting support for those in most need.

- Almost two in every three families we work with are facing more severe problems than they were at this time last year, issues such as neglect, deprivation and mental health problems
Our evidence, then, shows that the people we work with – and we can assume very many more children, young people and families in similar circumstances – are suffering real hardship as a result of the combined impact of increased cost of living, changes to benefits and cuts to public services. The Red Book 2011 already identified that frontline services were seeing more people who were ‘on the edge’. This year’s update powerfully demonstrates the very real impacts being felt by service users and frontline staff alike, with services struggling to meet rising demand and more children at risk of neglect as a result.

35 Persisting inequalities underline the poverty challenge for Government, Joseph Rowntree Foundation, 1999


38 Ibid.

39 Fair and Square. The Children’s Society, April 2012.

40 http://www.mind.org.uk/news/6858_surge_in_calls_show_people_need_mind_more_than Ever

41 DCLG statutory homelessness release, October-December quarter 2011.
The impact on services

We have analysed data from the 153 Action for Children managers who took part in in-depth interviews. These managers support over 46,000 children and young people and over 27,500 families across the UK. Through assessing the data by service area we have identified a number of findings that are positive, given the context, those we will continue to monitor closely and those we are most concerned about.

Children’s centre’s

We undertook in-depth interviews with 62 of our children’s centre managers who provide services to support nearly 40,000 children and over 20,000 families. 31 of the managers we spoke to were also interviewed for last year’s Red Book.

The Government has stuck by its intention to protect children’s centres and to retain the presumption against closure. It has also stressed local authorities’ duties to protect young children from harm and neglect. To a large extent this intention has played out locally with the net reduction in children’s centres mainly due to local reorganisations such as the merger of two or more centres. (see figure 1 for results)

Family support

We undertook in-depth interviews with 48 family support managers who support over 5,000 families. Their services work with children who are neglected, whose parents are separating, who are having difficulties at school, who are returning from care to live at home, or whose household tenancy is at risk because of anti-social behaviour. These families are at risk of breakdown.

The Government’s commitment to turning around the lives of the most ‘troubled families’ is significant. While this focus on helping families back into work and addressing poor school attendance and anti-social behaviour is helpful, it is important that services support children and families experiencing a range of different problems. This would account for the mixed picture we are seeing when it comes to our family support services. (see figure 2 for results)

Children and young people with additional needs

We undertook 43 in-depth interviews with managers working in services that support young carers, disabled children, care leavers and children who have been sexually abused.

The services support over 2,240 children and young people.

The Government has worked hard to support children and young people with additional needs, providing for example, an investment of £16.7 million to deliver a savings account scheme for looked after children and its reforms for disabled children and young people in the forthcoming Children and Families Bill to improve the system that supports disabled children and their families. However, we have found services for children and young people with additional needs are being squeezed, possibly as a result of ring-fencing coming off a reduced pot of money for early intervention services. (see figure 3 for results)

42 This figure represents the number of children, young people and families we work with through our drop in and outreach services, some of whom will not be recognised in our official figures as they do not have a personal case file.
43 Ibid.
44 Sarah Teather, Parliamentary Question, 10 July 2012
45 The Government uses this term in relation to families with five or more risk factors.
46 On our own two feet, the case for a savings account scheme for looked after children, Action for Children and Barnardos, 2011.
Children’s centres

- 31% of managers say they have a contract in place that will see out the Spending Review period; that is, for three or more years.
- 60% of managers say their service contract has less than 12 months remaining.
- This year, 48% of the sample had cuts in their budget, compared to 64% last year. ⁴⁷
- Almost half of all managers (47%) reported seeing more suspected cases of neglect in the last year.
- In the past six months, 60% of services have seen an increase in the severity of issues children and young people are facing, compared to 53% of services reporting this last year. ⁴⁸
- 70% of managers report seeing an increase in the severity of issues facing families in the last six months compared to 53% last year. ⁴⁹

This is a very positive finding, showing that some local authorities are thinking beyond the Spending Review period. This means these services now have the stability to embed practice, achieve outcomes for children and develop relationships with the community and individuals.

This figure represents a large proportion of the children’s centre managers we interviewed. While many are hopeful their contracts will be renewed, we know that given the current economic circumstances and as the debate about the effectiveness of these centres continues, it is not unsurprising that many are fearful for the future of the provision.

While the number of managers reporting budget cuts has reduced since last year, we must remember that the impact is cumulative. As reductions in budgets continue they become harder to absorb. For some service managers this has meant having to reduce the help they can offer.

Over the past year the profile of child neglect has risen among both politicians and practitioners. This greater awareness is helpful; especially as it means that more neglected children are being identified at an earlier stage in universal services such as children’s centres. While some of the sharp increase in neglect picked up by our managers may be due to better recognition, this is very unlikely to account for the total increase. Given the devastating consequences of child neglect this is worrying.

It is of great concern that our children’s centre managers have reported in such high numbers that the issues children are facing are becoming more severe, and puts the continuing cuts to services in stark relief.

Starting from an already high base last year, this steep increase in the needs of the families we work with is alarming. We are seeing issues such as neglect, deprivation and mental health problems becoming more entrenched. As well as the personal turmoil in these families, we know that as the problems that families face deepen, the need for services will continue to rise, sometimes quickly and dramatically.

Figure 1

64 managers responded to this question for The Red Book: Impact of UK Government spending decisions on vulnerable children, young people and families 2010/11.

Action for Children (2011)

⁴⁷ 64 managers responded to this question for The Red Book: Impact of UK Government spending decisions on vulnerable children, young people and families 2010/11.

⁴⁸ Ibid.

⁴⁹ Ibid.
Families are facing increasingly severe problems according to almost two-thirds (62%) of our managers. 67% of managers reported seeing more cases of suspected child neglect than a year ago. Demand for services is increasing with almost half of all managers (44%) reporting that the number of new referrals is rising, compared to the previous six months. 75% of managers reported less than 12 months remaining on their current contract. 17% of managers have been required to change the eligibility criteria for their service. More than a quarter of managers (27%) reported a drop in funding, while 4% of services received a budget increase. 13% of managers have seen a decrease in the number of hours their staff were able to spend with families and children this past year.

Any change in the dedicated one-to-one time with children and families is a worry, however, given the increased needs of service users and increased referrals to the services, this figure shows that the majority of our services are managing to continue to maintain the level of support these vulnerable children and families require. We will be watching closely to ensure this figure does not increase.

Compared to the other service areas (children’s centres and services supporting children with additional needs) the fact that nearly two thirds of services have maintained their budget and 4% have had an increase is very positive. These services are clearly being prioritised within the 33 local areas where the services that had no change to their budgets operate.

This for some services is a positive development, meaning they can work with families at an earlier stage when their needs are first identified. But for the majority it has meant they are now only able to work with families and children with the most complex needs, rather than being able to offer help at the earliest point when a problem is identified. The relatively low number of services reporting a change in their eligibility criteria is good news considering the circumstances, but we would like to see more examples of services being commissioned to work with families at the earliest point of need before problems escalate and become entrenched.

The level of insecurity that short-term contracts hand down to these vital support services is very problematic and does not create the most effective basis from which to plan and deliver services strategically. Within services this insecurity serves as a barrier to meeting the needs of children and families and gaining the best outcomes for them.

It is unsurprising that demand for these targeted support services is rising, given the finding that families are facing increasingly severe problems in their lives. The fear is that this situation will get worse and as services fill up more families will go without the support they desperately need.

Over the past year the profile of child neglect has risen and this greater awareness is helpful especially as it means that more neglected children are being identified as in need of support. While some of the sharp increase in neglect picked up by our managers may be due to better recognition, this is very unlikely to account for the total increase.

In the same way as the needs of their parents and family unit is increasing, so too are the needs of the individual children within those families. These children must be protected through this economic period, sheltered from the impact of austerity measures.

For families to access our family support services, significant needs must already have been identified. The fact that on top of their existing needs the issues they now face are more severe is of real concern.

Family support

13% of managers have seen a decrease in the number of hours their staff were able to spend with families and children this past year.

More than a quarter of managers (27%) reported a drop in funding, while 4% of services received a budget increase.

17% of managers have been required to change the eligibility criteria for their service.

75% of managers reported less than 12 months remaining on their current contract.

Demand for services is increasing with almost half of all managers (44%) reporting that the number of new referrals is rising, compared to the previous six months.

67% of managers reported seeing more cases of suspected child neglect than a year ago.

56% of managers report that their services have seen an increase in the severity of issues facing children and young people in the last six months.

Families are facing increasingly severe problems according to almost two-thirds (62%) of our managers.

Figure 2
56% of managers report that their services have seen an increase in the severity of issues facing children and young people in the last six months.

26% of managers have seen a decrease in the number of hours their staff were able to spend with children and young people this past year.

42% reported a drop in funding.

67% of managers reported less than 12 months remaining on their current contract.

28% of managers have been required to change the eligibility criteria for their service.

35% said that the number of new referrals is rising, compared to the previous six months.

14% say they have a contract in place that will see out the Spending Review period; that is, for three or more years.

This is very good news for these services. It means that they will be able to provide consistent support over a longer period of time to some of the most disadvantaged children and young people in the UK.

While the number of services saying they have seen a rise in new referrals may seem relatively low, there will be a sizeable knock on effect of increased demand in any one of the services that have identified this increase.

A small proportion of these services have changed their criteria to work with more children and young people at different ages and at an earlier stage when their need is identified. However what has been worrying is to find that for others, there is pressure on their service to work only with those children with the most profound needs, contrary to the principle of early intervention. As one manager of a disability service put it: “Some children who did use our service last year are no longer eligible for the project. We have to cater for the greatest need much more, so those who have a lower level of need are missing out. Children with mild learning difficulties tend not to be referred.”

For services working with children who have had very little stability in their lives, either through changes in their health or family breakdown, it is important to provide a stable environment for them. Some managers fear that services closing or being scaled back will undermine the work they are doing with these children.

This drop is significant, especially as it relates to our services for some of the UK’s most vulnerable children and young people.

Last year we said the children that are missing out now will not get the chance for vital support again and that opportunities to help them during their childhoods would be lost. It is with this thought in mind that we have considered this statistic, if the needs of children are rising they require more support, but if at the same time there are more children in need of this help, the reduction in one-to-one support is the obvious casualty in the equation.

Added to the above finding, this compounds the problems we are finding in an already vulnerable and marginalised cohort of children and young people.

The children and young people who receive these services have already faced very severe problems in their lives so a figure that shows their needs have increased further, is worrying at best and depressing at worst.
The Coalition Government needs to ensure that the most vulnerable children and young people do not end up overly exposed to the impact of austerity. As well as the immediate moral imperative to protect those with the least choice and power to shape their own lives, failing to do so now runs counter to the Government’s longer-term objectives of encouraging early intervention, reducing the number of ‘troubled families’, tackling youth unemployment and increasing social mobility.

These are all objectives that enjoy broad public support. In general people understand the obvious – but often neglected – fact: today’s children and young people will be tomorrow’s parents, workers and citizens. Failure to protect them from increased hardship and marginalisation now, will store up problems for the future. One mother highlighted her concerns that her family’s problems will spill over to the next generation: “I’ve been having... problems at home... one daughter [has] just got a flat. The other daughter [has] been evicted. Social services aren’t willing to fund her placement anymore, so she’s been put in a bed and breakfast.”

Whilst the Coalition Government has progressed a number of policies that aim to support the UK’s most vulnerable children, young people and families, some local authorities have been left with little choice but to make short-term crisis-driven decisions, undermining the national policy direction. Somehow a way needs to be found of supporting local autonomy while preserving strategic decision-making; otherwise the Government’s strategy will be consistently undermined.

While some changes – such as the free nursery places for vulnerable two year olds – have been broadly welcomed, they must be seen in the context of the Government’s programme as a whole, and the way it translates into local decisions. For example, while the Coalition Government has removed some regulation and ring-fencing of funds, local authorities are still subject to the same pre-2010 statutory duties. In theory this gives them a choice to spend money upstream in preventive ways. In practice, statutory duties – where local authorities could face legal challenges should they not fulfil them – overwhelmingly trump preventive action (much of which remains discretionary). A number of organisations working with children, young people and families, including Action for Children, have argued that one way of equalising this focus would be to create an early intervention duty.51

Children

In the past year the Coalition Government has built on its commitment to support the most vulnerable children through taking forward recommendations in the Eileen Munro review of child protection52, the Tickell early years foundation stage review53 and Graham Allen’s early intervention review.54 However, as highlighted above, Professor Munro’s crucial recommendation to introduce a statutory duty for local authorities to provide an ‘early offer of help’ has not yet been taken up. The feedback from practitioners included here indicates that there is a pressing need for this to be taken forward as they are seeing widening gaps in services’ ability to intervene early to help children at risk of, or already experiencing, neglect. In a recent survey of over 1,000 of its members the British
Association of Social Workers found that 88 per cent of social workers think cuts are putting lives at risk, and 54 per cent said their caseloads were ‘unmanageable’.56 The Munro proposal would go some way to rebalancing the statutory duties on local authorities, placing greater emphasis on commissioning early intervention in the context of stretched budgets.

The need is pressing and urgent. A recent report from the NSPCC found that services focused on prevention are particularly vulnerable to cuts.57 In 2010/11, three quarters of all expenditure on children’s social care by English councils was, broadly speaking, on protection services, as opposed to prevention. In the aftermath of the Peter Connelly case, spending on commissioning, social work, safety and child protection rose sharply, reversing a previous trend of convergence in the levels of spending between prevention and protection services.57

The Coalition Government has sought to protect children’s centres through revising the statutory guidance and retaining the presumption against closure. This means local authorities should not close an existing children’s centre unless they can demonstrate that outcomes for children, particularly the most disadvantaged, would not be adversely affected. The Coalition Government has also stressed local authorities’ duties to protect young children from harm and neglect. To a large extent this intention has played out locally with the net reduction in children’s centres mainly due to local reorganisations such as the merger of two or more centres.

Spending on children’s social care rose steadily throughout the last decade, peaking in 2009/10 at £8.54 billion across England and Wales. This equates to just over £650 for each 0 to 19-year-old, compared with £357 in 2001/02.59 No longer ring-fenced, spending on children’s social care is likely to fall over the Spending Review period.60 In this context, it is even more important to ensure that we do not see deep cuts to early intervention services. Again, the danger is a vicious cycle where more children are placed at risk; more demands are made on protection services with more children entering the care system; and this in turn puts increased pressure on prevention budgets.61 The annual number of applications from local councils in England to take children into care exceeded 10,000 for the first time in 2012.62

The Early Intervention Grant was widely supported for its intention of focusing children’s services’ spending on prevention. This non ring-fenced grant has, however, become a focal point for reductions in spending as its value is less than the combined value of the previous ring-fenced funding streams it replaced. In 2011/12, £2,223 million was initially allocated to local authorities in England through the Grant. This figure was amended during the year in recognition of pilot activity undertaken in local authorities, taking the total amount of funding to £2,235 million. In 2012/13, £2,365 million has been allocated to local authorities in England. Funding for pilot activity for 2012/13 has not yet been confirmed and is not represented in this figure, which will change throughout the year as pilot funding is added.64

The Coalition Government has stressed that the Grant has seen an increase of 6.4 per cent in 2012/2013, on last year’s allocation. However it is important to remember that this allocation is at risk of being undermined due to the real terms cut that the Grant represents and the lack of conditions placed upon it. This means that even with a funding stream specifically labelled ‘early intervention grant’ we have seen a loss of focus on preventive services.

Families

The Coalition Government has introduced the Universal Credit, a new single payment for people who are looking for work or on a low income, which will be implemented between 2013 and 2017 and replaces six means tested benefits and tax credits. The
The focus on families facing these issues is also helpful but beyond this children’s and families’ needs are diverse and wide-ranging.

However, research has shown that even if the additional funding is targeted solely at ‘troubled’ families with five or more vulnerabilities, the money allocated per family would only just offset the losses they are experiencing from the rest of the fiscal package (tax and benefit changes and other public spending changes combined). As families who face multiple difficulties depend to a greater extent on public services than other families, the children in these families will be more greatly affected by cuts to provision.

Much of the public debate about ‘troubled families’ centres on what parents are or are not able to do to help themselves, what kinds of interventions they need to secure work and how long these take. Implicit in these debates are issues of blame and choice. This may be understandable and inevitable but the children living in these families deserve consideration in their own right and this requires a political discourse that goes above and beyond the current focus on families and parenting.

Poverty and social mobility

“No one should be prevented from fulfilling their potential by the circumstances of their birth. What ought to count is how hard you work and the skills and talents you possess, not the school you went to or the jobs your parents did. This strategy [Opening Doors, Breaking Barriers: A Strategy for Social Mobility] sets out our vision of a socially mobile country, and how it can become a reality.”

The children and families Action for Children work with face complex deprivation and a range of pressures. For many this includes living on a very low income and poverty passed from one generation to the next. The Coalition Government is committed to promoting social mobility, ensuring that children are not hostage to their roots. It commissioned former Labour minister, Alan Milburn, to develop a strategy for social mobility. This promised a ‘life cycle’ approach, emphasising the importance of the foundation years and continued support for affordable childcare, Sure Start, early intervention and parenting.

However, taking the Pupil Premium and additional nursery places for disadvantaged two-year olds as examples of where the Coalition
Government is directing more spending to vulnerable families, there remains a short fall for many families: these moves do not fully compensate for the overall cuts in spending, which in cash terms represent a loss to vulnerable families of between £1,000 and £2,400 on average per year by 2015.77

Another former Labour minister, Frank Field MP, was asked to undertake a review of policy in relation to poverty and life chances. The review made two overarching recommendations: a focus on supporting parents and the development of a ‘foundation years’ approach focused on equalising life chances between birth and five years old. Despite some action taken to respond to Field’s recommendations, government statistics published earlier this year showed that the number of children living in poverty remains above 2 million.78 One child we spoke to was aware of the stress that living on a reduced income placed on her mum: “I’ve noticed that we have less money because it makes my mum stressed out a lot; because she doesn’t have a lot, then she, kind of, has to borrow money just to get what we need. Because if you went to the shop now you wouldn’t buy, you couldn’t buy as much as you would that long ago.”

Supporting unemployed young people is another key government policy to aid social mobility. It announced a £1 billion youth contract aimed at helping young people to get a job. Launched in April 2012, the aim is to provide nearly half a million new opportunities for 18 to 24 year olds, including apprenticeships and voluntary work experience placements. An additional £126 million of extra support from voluntary and private sector organisations has been made available for 16 and 17 year olds who are not in employment, education or training.

This support is vital in helping young people to overcome the ‘hard’ barriers to employment, including reduced job vacancies and lack of skills. It is also important to address the ‘soft’ issues, including people’s confidence and aspirations. We know that for the most vulnerable young people seeking employment, additional support prior to and during their first phase of employment is crucial. For many young people this will quite literally be their first experience of employment as many of their family members may not be in work. In this context, youth services have a vital role to play in tackling some of the wider barriers to employment, including emotional and social development. Despite this, Unison predicted that by April 2012 youth services would have experienced a £200 million budget cut.79

In the next section we explore the current arrangements for funding and decision-making for services for vulnerable children, young people and families. Put simply, there is a positive relationship between stability of funding and outcomes, a link between central and local government’s ability to create an environment conducive to longer-term planning80 and what happens to individual children and their families. We argue that there is much to be gained from reviewing these with a focus on creating greater stability and enabling long-term planning and a greater focus on prevention.


57 Ibid.

58 Sarah Teather, Parliamentary Question, 10 July 2012 http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm120710/text/120710w0003.htm#12071068001868

59 Ibid.

60 Ibid.

61 Ibid.


63 Michael Gove announced the difference in funding brought about by the EIG would be a 10.9% reduction http://www.cypnow.co.uk/news/1046379/early-intervention-grant-represents-11-funding-cut/ However the LGA report a decrease of 25%. See also, reductions to budgets in 2011-12 range from 6%-25%, with an average of 13%, according to a snapshot survey of 25 councils in England (about a sixth of the total) carried out in January by Children and Young People Now magazine

64 http://www.education.gov.uk/childrenandyoungpeople/earlylearningandchildcare/delivery/funding/00070357/eig-faqs#faq2

65 Sarah Teather, Parliamentary question, 18 January 2012, http://www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120118/text/120118w0003.htm#12011868001868

66 Income Support, income-based Jobseekers Allowance (JSA), Employment and Support Allowance (ESA), and the Child Tax Credit and Working Tax Credit, as well as changes to Incapacity Benefit (IB)


68 Ibid.

69 Using the Cabinet Office vulnerability indicators

70 In the eye of the storm: Britain’s forgotten children and families. Op cit.


72 In the eye of the storm: Britain’s forgotten children and families. Op cit.

73 Ibid.

74 Ibid.

75 Opening Doors, Breaking Barriers: A Strategy for Social Mobility, Office of the Deputy Prime Minister, April 2011

76 Ibid

77 In the eye of the storm: Britain’s forgotten children and families. Op cit.

78 Households Below Average Income (HBAI), Department of Work and Pensions, June 2012.

79 UNISON freedom of information survey. Figures supplied by 88 out of 174 authorities (England and Wales) for 2010/11

Localism and funding

Having outlined the broader policy landscape, the scale of cuts and our evidence of the impacts these are having, we return here to how funding is allocated. The issues of short-term contracting and the need for funding structures that better enable strategic approaches are not new but become more pressing in an environment where there is less money to go round.

Alongside budget reductions, the landscape of funding and power is changing rapidly. Centralised authority was a salient characteristic of the Labour Government in the late 1990s. Recent years have seen increasing focus, in legislation and policy, on devolving power in England away from the centre. Most recently, ‘localism’ as a formal policy imperative has been made explicit in the Coalition Government’s central narrative of the ‘Big Society’, mandated by the Localism Act 2011.

However localism is interpreted, the agenda presents an opportunity for leaders of children’s services in local government, who recently made a plea for: “[A] radical reduction of regulation, guidance and processes, and... a more flexible and local approach to the commissioning, design and delivery of services for children and young people.” The expectation that local authorities will engage locality partners in redesigning local services to achieve better outcomes, has potential benefits for early intervention, which needs to be both multi-disciplinary and focused on individual children’s circumstances as a whole and the systems which surround them, recognising the wider determinants of children’s life chances.

Top down edicts which offer a single solution to intractable problems in very different communities, are highly problematic and local councils rightly want to develop models of intervention that resonate with their particular arrangements, populations and social issues. The current localism agenda represents a welcome departure from the limits of national prescription, but more needs to be done to reap the benefits and achieve a shift in children’s services that prioritises investing in early intervention to address problems as soon as they arise. The time is surely right: there is a consensus across the political parties that early intervention and prevention are paramount. The Coalition Government must seize the opportunity to make deliberate and explicit decisions to enable this at local level, then we will start to achieve the financial savings to the state and deliver the benefits to individuals, families and communities that investing in early intervention brings.

Local authorities need security in order to plan strategically for the needs of their population over the long term. They do not need short-term funding and policy initiatives. Disincentives to early intervention have existed in the current system for years, and must be addressed; the combination of political consensus and the urgency of securing value for money in times of austerity make action now imperative.

The Early Intervention Grant is a useful re-statement of the intention to shift services away from crisis or ‘late’ interventions. Yet, in practice, the reduction and insecurity in the money being passed down represents a significant impediment to the ability of local authorities to make a meaningful shift in the way they commission services using this money. This problem is particularly marked in areas of multiple deprivation where previously the local authority would have received the Area Based Grant (ABG) whose
distribution was based on severity of need. There are now disparities in the funding allocations between some of our more affluent and deprived areas.

Alongside the challenge of making a systemic shift with less money available, is the continued imbalance in the statutory duties upon local authorities. These often mean that although ring-fencing and targets have been removed, the old statutory framework still governs the way money is allocated. Put simply, local authorities are required by law to provide crisis and acute responses to vulnerable children and families but there is not the equivalent legal requirement to provide early intervention services. If we are to realise the enormous social and financial benefits of shifting to early intervention, the Coalition Government must adopt the recommendation of Professor Munro and introduce a duty upon local authorities to provide ‘early help’ services as well as later interventions.

In the next sections we explore the structural funding arrangements that would help local authorities achieve a shift in commissioning towards early intervention.

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81 Where localism is referred to, it is in relation to the Westminster Government devolving power to local areas in England.


The need for stability

Unfortunately, despite seeking stability through longer contracts and consistent funding, those delivering services feel increasingly insecure about when the money may run out. As many of the comments from our service managers demonstrated: “We only have funding until September, if we don’t secure funding beyond that time we will cease to exist.” “[We have] not known what’s happening with our contract in the last eight years.” Those outside Action for Children share the same view: “We have been restricted in our ambition to offer three year contracts by the speed at which Children’s Services budgets and strategic priorities change, and funding streams that support commissioning alter.”

This is an historic problem that has since become exacerbated by the current financial climate. Research published in 2008 found that during the lifetime of a 21-year-old there had been over 400 different major announcements and policy initiatives. That represents on average around 20 every year, with each new initiative lasting, on average, a little over two years. On the ground, this can mean a children’s project has barely enough time to be set up and begin to deliver its service before its staff have to plan for reconfiguration or even closure. Short termism and rapid churn have a direct impact on the lives of children, young people and families and frontline services’ ability to work with them to secure better outcomes.

While individual changes may be welcome in isolation, this permanent policy churn can be disastrous for services on the frontline and for the children with whom they work. We desperately need a shift from short-term thinking, too often driven by political expediency, to long-term strategies that put children first and short-term politics second.

Recent research, undertaken for the Family Strategic Partnership and supported by the Department of Education, found that most local authorities surveyed would prefer to be able to issue longer contracts. However, in the present economic climate local authorities, bound by funding uncertainties, felt unable to do so. While uncertainty had in many cases led to contract extensions rather than re-tendering, voluntary and community services identified an increase of one-year contracts. Contracts in the past were typically for three to five years.

The majority (75%) of voluntary, community and social enterprise organisations surveyed reported that the length of contract had a significant impact on service delivery and outcomes. In particular, they reported that one-year contracts:

- Frequently did not allow enough time to achieve meaningful outcomes;
- Did not allow enough time to recover the investment cost of bidding for and setting up services;
- Affected staff turnover, as organisations found it difficult to recruit or maintain staff due to funding uncertainties;
- Limited the ability to make long-term planning decisions;
- Negatively affected service users, as it takes a long time to build up relationships and trust with vulnerable groups;
- Undermined staff morale, as redundancies were a regular possibility if contracts were not renewed;
- Did not facilitate adequate monitoring and evaluation processes; and
Created uncertainties regarding future planning at a strategic level and personal level as both staff and service users were not clear about how services would be configured in the future.

For children’s services budgets to be most effective, they must be spent on services that are stable, allowing for trusted professional relationships over time with children, young people and families. Families need stability to plan their lives and develop strong bonds and relationships: “My daughter couldn’t access the crèche [which was offered through the course] because she was too young, that’s why they paid for nursery for her. It was a good scheme because it really did help. I was using it every day for nearly a year. It stopped because it was just a trial thing; sometimes they do things for two years or a year. I’d do a lot more volunteering if I could, but it’s just my circumstances. I haven’t got anyone to look after my children when I do it.”

This is not a new challenge. This problem has created the mismatch between successive governments’ ambition for early intervention and their ability to deliver it. Local authorities confirm that they develop strategic plans for early intervention services that cover three to five years or longer, while addressing delivery on a shorter-term basis. The problem is political: longer-term contracts that allow for stability and better planning would transcend electoral cycles of up to five years. Worryingly, a sizeable minority of local authorities feel extremely limited in terms of their ability to think or plan long-term.

Local authority representatives reported that, while some advantages can be gained through on-going contracts with service providers, commissioners believed that the length of these contracts are constrained by local and national Spending Review cycles.

Instability is created by short-term government spending decisions that are passed down the chain to local authorities and service providers, and, ultimately, this has a detrimental impact on vulnerable children. As one mother highlights: “My youngest and I started going to Messy Monsters, at the local children’s centre, but it stopped. I was really upset. I don’t really have that Friday morning with my little boy that I used to have. Its like, ‘God, they took it away from us!’”

Three and four year funding cycles, which translate into even shorter contract periods for local services, are not long enough to embed the change required or to instil the level of security services need to thrive and develop. This leads to poor decision-making and short termism. The Coalition Government has recognised this in relation to the new private sector models (social impact bonds) where they are factoring in five-year contracts because this is the time required before a return on investment can be seen.

We know that if we can support children, young people and families in the right way, we can help them to help themselves. This work can take time as incremental steps are taken to build on people’s strengths and boost their confidence, through the trusted professional relationships we have with them. In order to do this, services require stability.

For one woman, for example, changes to her support had a very direct impact: “My social worker, Ben it’s his last day today. He’s gone to work in another area or something. But we communicated well, I thought, between us. I felt comfortable with him. It was just comfortable and he was dead helpful. Most people just think social workers are bad people, aren’t they, they take your children away and snatch ’em, but that’s not what I feel. I feel they’re supportive and really helpful…. We were all a bit upset really.”

The problem of instability resonates with Action for Children’s experience on the ground; the majority of our services do not have contracts in place that span beyond the Spending Review period.

64% of our services are operating on either one or two year contracts

91% of our services have contracts that end before the end of the Spending Review (we understand that the start date on these contracts has an impact, but does not fully account for this large figure).

Human relationships lie at the heart of what we do and the work of many other agencies providing family support and youth services.
Many of the children and young people we work with initially are vulnerable and may have experienced several interventions by the time they come to us. Some will find communicating and trusting another agency difficult. Likewise, some of the parents involved in our projects will feel defensive at first; they are being asked to open their family life to scrutiny and challenge. In this context, the importance of being able to establish and maintain good working relationships cannot be overstated.

Much of our work depends on building strong relationships and trust. Uncertainty in funding creates uncertainty in staffing and contracts. While these things sound technical, they can have stark human impacts; the troubled young person who has just learned to trust his key worker only to find out he has a new person to work with; the mother who has begun to develop her parenting skills and started to volunteer but finds her child care cut. Or the family who has established a relationship with one centre, only to be told they have to attend a new one further from home due to funding changes.

A new approach?

Rapid change and insecure funding have a series of knock-on effects, each exacerbating the level of instability experienced by children. One family support manager put this succinctly: “Our service was a pilot project for two years. The future is uncertain.”

Given the economic climate, there is scant hope for more funding to be made available to meet the rising demand that we have highlighted in this report. Therefore, now more than ever, the priority must be to ensure that the way money is spent delivers the greatest possible impact and that we have a workable funding approach which allows services to plan for the longer term and service users to experience consistency and security in the support they receive. In the next section, we outline what this may look like.
The future

Action for Children has been working with the most vulnerable children and families in the UK for 143 years and is all too aware that many of the problems that this research highlights, while unique to each individual, are not new. There have been continuous barriers to long-term strategic planning and short-term policy thinking has been a persistent problem. The policy pendulum swings back and forth, with a crisis or well publicised tragedy drawing money and services to the acute end of the spectrum, whereupon there is a recognition that the only way to reduce the need for (often hugely expensive) acute services is to shift funding into better preventive services, such as family support, sending the pendulum swinging the other way. We have also seen recessions and their impact before.

Whether services should take a preventive approach or focus on crisis intervention has been an enduring debate over the past two decades. The Children Act 1989 definition of children ‘in need’ theoretically enabled local authorities to work with a broad range of children. In reality, however, the squeeze on public expenditure has meant it was almost impossible for local authorities to shift away from the provision of acute interventions and towards support and prevention.96

The purpose of The Red Book is to ensure that the public and policy makers are aware of the real impact our current economic circumstances and the subsequent spending decisions are having on the lives of the most vulnerable. It also highlights the unintended consequences and policy contradictions that are taking place when it comes to children’s services and the Government’s stated intentions.

We are gravely concerned that two in every three families we work with are facing more severe problems than they were at this time last year, such as, deprivation and mental health problems.97 Furthermore, we fear this will continue to rise, especially as we know that by the end of March (2012) only 12 per cent of the planned total cuts to public service spending had taken place,98 including dramatic welfare reforms that are still to be implemented.

The Coalition Government strategy to address the economic downturn must have at its heart the imperative to mitigate the impact on the most vulnerable children who, by definition, cannot protect themselves. When taking hard decisions, government is responsible and must be held accountable for warding against further pressure upon children and families, however unintended this might be. This must be the Coalition Government’s priority throughout the remainder of this Spending Review and in planning for the next.

Action for Children’s long term ambitions

Action for Children will continue to address the real problems children and families face here and now, through the services we provide. But we also have longer-term ambitions; to press local and central government to plan for the future and to seek public and political consensus to this end. The recent financial crisis and subsequent reductions in funding have brought this need into sharp relief. We want to bring about a transformation in children’s services that can weather political change and can provide greater protection for society’s most vulnerable citizens in bad economic times as well as good. This is our opportunity to protect future
generations of children.

We believe that there is an urgent need for two changes in policy:

**Strengthening prevention**

In line with the Munro review, we believe the Coalition Government should clarify and improve duties for local authorities and statutory partners to provide sufficient local early help services. Initially, the Coalition Government agreed to consider whether placing a statutory duty on local authorities and their partners was the most appropriate route to secure an increase in the range and number of preventive services on offer to children and families. It concluded that the existing legislation was sufficient to realise Professor Munro’s recommendation. Even though the Coalition Government has made a commitment to clarify existing legislation and are encouraging local areas to continue to work to provide this essential early help, legislation should be strengthened. Without this we will never realise the enormous social and financial benefits of shifting to early intervention.

**Creating stability and a sustainable funding environment**

The Spending Review system is now 14 years old (originally named the Comprehensive Spending Review). The Labour party introduced it in 1998 after a year in office, seeking to move away from a hand-to-mouth or ‘short-termism’ budgeting culture. An annual approach to budgeting was used throughout the 1980s and for much of the 1990s. However, before this point, from the mid 1960s the Treasury agreed to allow some forms of spending to be planned over the longer-time. This was changed to an annual approach in the 1980s in the interests of more centralised control. The Treasury still leads the Spending Review process, allocating funding across all departments, in line with governmental priorities. It sets firm and fixed budgets over several years. The 2010 Spending Review covered the four years from 2011/12 to 2014/15. In reality, however, commissioning contracts for local services at the local authority level tends to be only two or three years long, with the majority being far less.

It is clear that the Spending Review process alone has not heralded the stability imagined, nor has it met the needs of services or service users. In social care, children’s services, mental health services, and many other arenas, results take time. Outcomes are driven by stable professional relationships, fidelity and security.

Now is the time to look to a future free of short-term spending rounds for children’s services provision and to step back and look to modernising the way we spend money, rather than focusing solely on how much we spend.

The scope of the Spending Review means that the vast majority of public spending is incorporated within its framework. However, the Coalition Government has made spending commitments beyond this horizon. In the last Spending Review, it committed to consider whether there are areas of spending for which funding allocations should be set on a longer-term basis than the life of the Parliament to provide greater certainty to service providers, users and investors. It noted, however, that these benefits would need to be weighed against the need to retain flexibility to adapt spending plans to emerging economic and fiscal circumstances. For example, defence is one area with spending plans beyond this Parliament. So too is transport with the development of London’s Crossrail scheme and commitments to High Speed 2 (HS2).

It is clear that where the political will exists it is perfectly possible to alter funding arrangements to allow longer-term spending commitments and enable strategic planning. Why not apply this logic to children’s services?

There exists a broad political consensus on the need to shift children’s services towards early intervention approaches, yet there are still a number of barriers to realising this shift. The capacity of those commissioning and delivering children’s services to plan a longer period is limited. This is in spite of the fact that the outcomes targeted by these practitioners are best secured through long-term planning and consistent support.

It would be a major step forward if all three major political parties committed to developing alternative approaches to funding children’s services that promote prevention...
and are underpinned by long-term sustainable funding streams. This could, for example, be a dedicated 10-year Early Intervention Grant that starts after the next election, running until 2025.

We need the political will across parties to give local areas genuine freedom and power to make real and lasting change. To achieve this we recommend the following:

- The Coalition Government must introduce a statutory duty upon local authorities to provide sufficient early intervention services in their local area;
- The Coalition Government and HM Opposition should together commit to alternative and long-term funding arrangements for local children’s services, providing the security needed to achieve better outcomes.

96 As long as it takes: a new politics for children, Action for Children (2009)
97 Based on interviews with 153 managers.
100 Tim Loughton December 2011
102 See paragraph 3.5 in HM Treasury, The Spending Review framework, June 2010
Appendix – Methodology

The research that supports the Action for Children Red Book 2012 has taken place over the last ten months. It involved a series of in-depth interviews with Action for Children service users and front line managers.

Service users

12 Action for Children service users were recruited to take part in in-depth interviews covering the following areas: changes in their lives, their finances, their communities, as well as looking at their hopes and dreams. We implemented the following interview schedule:

- face-to-face interview, January/February;
- telephone interview, April;
- face to face interview, July/August.

Some interviewees have dropped out of the study as a result of stresses or changes to their lives.

Front line managers

153 Action for Children managers, who support over 46,000104 children and young people and over 27,500105 families took part in in-depth interviews. The interviews involved managers working in children’s centres, intensive family support, services for disabled children, care leavers, young carers and for children who have been sexually abused.

The interviews covered the following areas:

- Identifying any changes in the needs of the children, young people and families we work with.
- Reduction in the value (level of funding) of contracts and the impact of this on service delivery and ability to meet need.
- The demand for the services we provide, how this had increased/ decreased over the past six months, the reason for a change in demand and how this has affected eligibility criteria.
- Changes to services external to Action for Children, i.e. health services or youth services that are a part of the multi-agency response, alongside Action for Children, to support vulnerable families.

Results

The results of the interviews have provided us with quantitative and qualitative data that has been used throughout this publication.

The interviews involved service managers from across the UK, but predominantly England. The service users we worked with are all from England.

Not all service managers were in a position to respond to each question.

This reflects the variance in local situations and the changing environment that our services are working in.

We have been clear throughout about the sample size.

104 This figure represents the number of children, young people and families we work with through our drop in and outreach services, some of whom will not be recognised in our official figures as they do not have a personal case file.

105 Ibid.
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Action for Children is committed to helping the most vulnerable and neglected children and young people in the UK break through injustice, deprivation and inequality, so they can achieve their full potential.

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Produced by Action for Children 10/2012. 12/13 0112A