

Children and young people's services: Funding and spending 2010/11 to 2018/19

May 2020



Introduction

Local authority children and young people's services cover a range of support, from parenting programmes in children's centres to local safeguarding teams who step in and protect children from harm. Despite the crucial role these services play in the lives of millions of children and families every year, they are in the midst of a financial crisis. This has left many facing difficult choices about how to maintain services communities rely on.

Local authorities have fought hard to limit the impact of funding cuts on frontline services, and their spending on children and young people's services has fallen at a considerably lower rate than the equivalent reduction in funding available. However, this has occurred over a period in which demand for support has increased. The combination of cuts to funding and rising demand has pushed local authorities to allocate an ever greater proportion of their spending to areas such as safeguarding and children in care. The National Audit Office has found local authorities have responded to financial pressures by having to prioritise their statutory child protection work and reducing spending on non-statutory children's services, those which step in early and stop problems reaching crisis point.¹

Despite the overall downward trend in funding and spending since 2010, local authorities increased their spending substantially in the twelve months between 2017/18 and 2018/19. This was largely driven by an increase in spending on late intervention services, particularly for services for children in care. Following the onset of the COVID-19 pandemic, this trend towards late intervention spending is at risk of accelerating as local authorities are confronted with a multitude of additional pressures generated by the crisis itself and the broader social consequences of lockdown. At the same time, spending power for children's services will be threatened as business rates, council tax and other revenue streams are diminished by the economic impact of the pandemic.

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

As organisations supporting the UK's most vulnerable children, young people and families, we are concerned that timely and appropriate services are available to ensure the best outcomes for every child. Ahead of the Spending Review, our analysis provides an overview of the latest trends in funding and spending on children and young people's services to illustrate the scale of the challenges that local authorities faced even before the new pressure created by COVID-19 and the Government's unprecedented measures to manage it.

Our analysis found:

Estimated funding for local authority children and young people's services

fell by £2.2 billion

between 2010/11 and 2018/19 -

a 23% reduction.

At the same time, local authority spending on children and young people's services

fell by £536 million

- **a 6% reduction.**

There has been a notable fall in central government funding per child and young person

from £571 in 2010/11 to £425 in 2018/19.

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

Local authority spending on **early intervention** services for children and young people **has fallen** from £3.5 billion to £1.9 billion between 2010/11 and 2018/19 - a **46% decrease.**

Local authority spending on **late intervention** services for children and young people **has risen** from £5.6 billion to £7.2 billion between 2010/11 and 2018/19 - a **29% increase.**

Diminishing funding, as demand on local authority children's services increased, left a **£1.7bn funding gap** in 2018/19.

There is a **North-South divide** in the scale of cuts in funding and reductions in local authority spending. The North East saw the largest reductions in funding between 2010/11 and 2018/19 followed closely by London, then Yorkshire and the Humber and the North West.

In the same period, spending in the North of England (-9%) **has fallen three times as fast** than in the South (-3%).

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

In the most deprived local authorities, **spending** on children and young people's services **has fallen by 14%**, whilst **spending** in the least deprived **has increased by 9%**.

- In 2010/11, early intervention represented 36% of local authority spending on children and young people's services. This had fallen to 20% by 2018/19 - a 44% fall.
- Local authority spending on looked-after children increased by 40% between 2010 and 2019, with a 7% rise from 2017/18 to 2018/19 alone.
- Per capita spending on looked-after children has steadily increased from £51,724 in 2010/11 to £61,805 in 2018/19, a rise of 19%.

Estimated funding for children's and young people's services

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

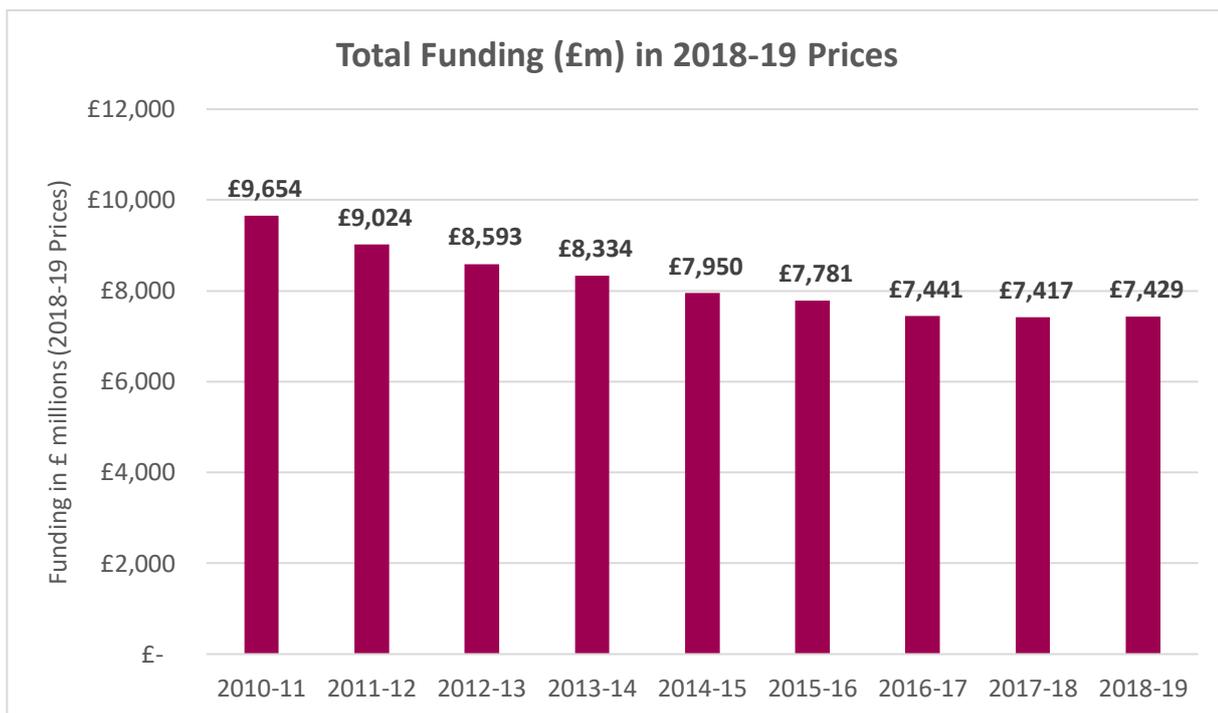
Early intervention services, like children's centres, used to benefit from dedicated, ring-fenced funding. However, the creation of a new Early Intervention Grant (EIG) in 2010 replaced a number of different funding streams with one, single non ring-fenced allocation.² This covered a wide range of services including children's centres; information and advice for young people; positive activities for young people; teenage pregnancy and substance misuse services; young offender and crime prevention services; respite care for families and disabled children and other family support services; and early years and children's social care workforce development. In 2013/14 the EIG was removed, but funding for early intervention has been kept as an identifiable (though non-ringfenced) line within the Local Government Finance Settlement, produced by the Ministry of Housing, Communities and Local Government. Our analysis used this indicative allocation to assess central government financing of early intervention services since 2010. It found that between 2010/11 and 2018/19, the value of this early intervention allocation fell from £2.8 billion to £1.1 billion – a reduction of £1.7 billion funding per year, or around 60%. Over the same period our analysis found that spending on early intervention services by local authorities fell from £3.5 billion to around £1.9 billion – a reduction of 46%.³

Other services will be funded from the single pot available to local authorities each year. This is made up of council tax, business rates and a number of non-ring-fenced central government grants. It is up to each local authority to decide how much these services receive based on different factors, such as the level of local need, legal requirements and long-term plans the local authority might have. Children and young people's services are one of those funded from this single pot, and in most cases no indication is given as to how much is expected to be spent on them. This can make it difficult to know how funding for children and young people's services has changed in recent years because there is not a specific allocation from central government.

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

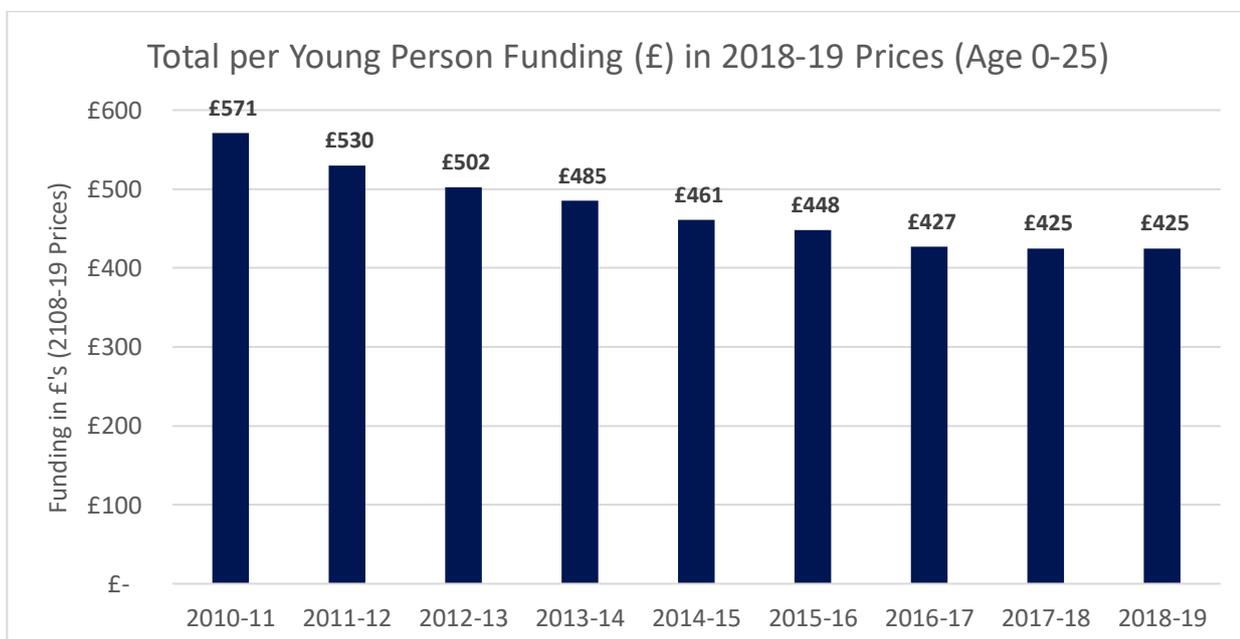
This approach provides a valuable insight into just how far funding cuts have limited the resources available for local authorities. Between 2010/11 and 2018/19, our modelled estimate of funding available for these services has fallen by 23% from £9.7 billion to £7.4 billion in real terms.⁴

Estimated funding for children and young people's services in real terms (2018/19 prices)



Along with an overall reduction in funding, there has also been a notable change in funding per child and young person. In 2010/11, estimated funding per child and young person was £571⁵ but by 2018/19 this had fallen to £425.⁶

Estimated funding per child and young person in real terms (2018/19 prices)



Funding per child and young person will be influenced by the size of the population but, whilst the number of children and young people has increased 3% since 2010/11, estimated funding per child and young person has fallen by an estimated 26%.⁷ Comparing spend per capita is a helpful indication of just how far cuts have gone in reducing the available funding for a significant proportion of the population.

Whilst our model of estimated funding doesn't account for changes in population composition amongst local authorities, there has been no change in the proportion of children and young people as share of the population between 2010/11 and 2018/19.⁸

Estimated funding by region

Our analysis has found that all regions have seen a reduction in funding since 2010, with the pattern of cuts showing a noticeable divide between the North and the South of England.

The three regions constituting the North of England have all seen a reduction of between a quarter and a third between 2010/11 and 2018/19. London remains the only region outside of the North of England to see a reduction on this scale. In comparison, regions in the South of England have seen funding fall by 17-15%. Combined, local authorities in the North of England have seen a cut of 27% to their funding compared to 23% in the Midlands and 21% in the South of England.

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

| | 2010/11 (mn) | 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|--------------------------|--------------|--------------|-------------------------------------|--------------------------------|
| North East | £459 | £327 | -£131 | -29% |
| London | £1,986 | £1,430 | -£556 | -28% |
| Yorkshire and the Humber | £1,044 | £772 | -£272 | -26% |
| North West | £1,385 | £1,020 | -£365 | -26% |
| West Midlands | £1,154 | £871 | -£283 | -25% |
| East Midlands | £704 | £563 | -£141 | -20% |
| East of England | £956 | £796 | -£161 | -17% |
| South West | £748 | £619 | -£129 | -17% |
| South East | £1,218 | £1,031 | -£186 | -15% |

There is a well-established North-South divide across many areas related to children and young people including educational attainment, health outcomes and employment prospects.¹⁰ This is also true of engagement with children and young people’s services. In 2019, regions in the North of England had higher rates of children in care, children referred to social services and child protection enquires compared to regions in the South of England.¹¹ This suggests the regions facing the greatest demand for children’s services are also the ones facing the largest cuts in central government funding. Nevertheless, with demand increasing nationwide, nowhere will find cuts easy to absorb regardless of their starting point or local circumstances.

Estimated funding by levels of deprivation

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

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

| | 2010/11 (mn) | 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|--------------------|--------------|--------------|-------------------------------------|--------------------------------|
| 1 - Least deprived | £1,590 | £1,362 | -£228 | -14% |
| 2 | £2,128 | £1,772 | -£356 | -17% |
| 3 | £1,951 | £1,486 | -£465 | -24% |
| 4 | £1,733 | £1,271 | -£462 | -27% |
| 5 - Most deprived | £2,248 | £1,537 | -£711 | -32% |

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

As with the North-South divide, there are differences in demand for children and young people's services between the most and least deprived local authorities. Between 2010 and 2019 the most deprived local authorities have seen the number of children in need rise 12,670 (17%) compared to a rise of 2,740 (4%) amongst the least deprived local authorities.¹⁴ A 2019 report by the National Audit Office found 15% of the variation in the number of child protection plans was due to local authority levels of deprivation.¹⁵

Whilst both have seen similar percentage changes, the size of each population is important when considering local authority resources. Research from the Department for Education found it will cost a local authority on average £45,647 annually to support a child in care, whilst supporting a child in need will cost a local authority on average £10,777.¹⁶ Larger populations of both will inevitably lead to higher costs for the local authority. Poverty and deprivation can have a significant impact on the level of support children need to thrive in a safe environment, and is a major driver of demand for local services.

The Child Welfare Inequalities Project funded by the Nuffield Foundation found that children in the most deprived areas are up to 10 times more likely to come into contact with the child protection system than children in the least deprived areas. It further found that local authorities in areas of high deprivation are unable to provide the same level of resources to meet the needs of children as less deprived authorities, leaving children at increasing risk of a postcode lottery of support.¹⁷ Given the difference in demand between the most and least deprived local authorities, there is a clear mismatch between need and funding.

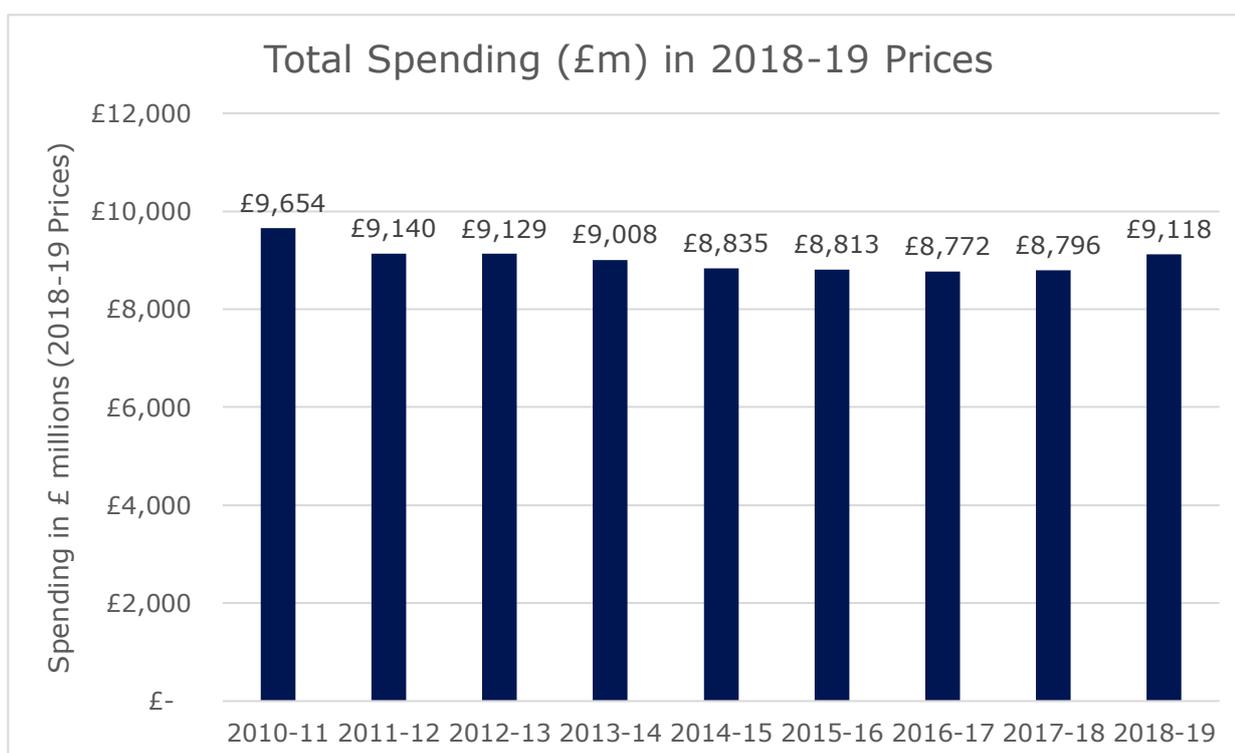
Local authority spending on children and young people's services

The reduction in funding has inevitably led to a fall in local authority spending on children and young people's services. However, there is a clear difference in how far spending has fallen compared to cuts in funding.

Between 2010/11 and 2018/19, local authority spending on children and young people's services fell by 6% from £9.7 billion to £9.1 billion.¹⁸ In comparison, funding has fallen by 23% in the same period.

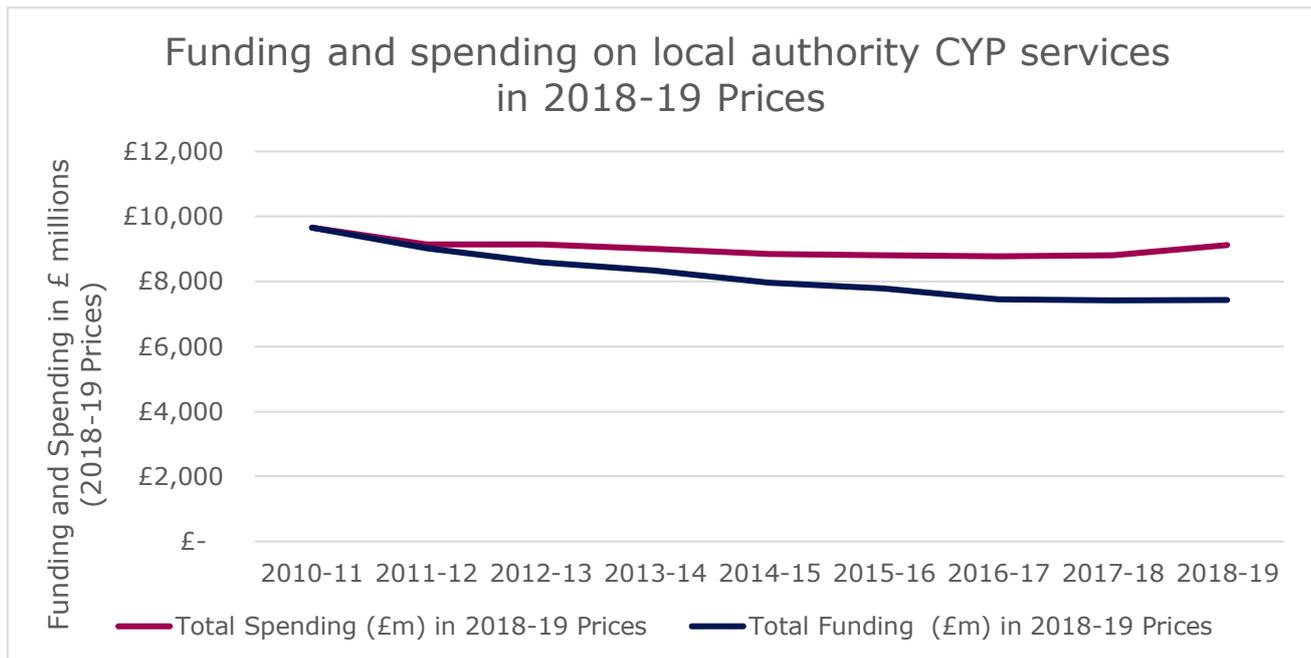
Despite the overall downward trend since 2010, local authorities increased their spending substantially in the 12 months between 2017/18 and 2018/19 - rising from £8.8 billion to £9.1 billion to reach its highest level since 2012. This was largely driven by an increase in spending on late intervention services, particularly for services for children in care - which have risen by 40% in the last decade.

Local authority spending on children and young people's services in real terms (2018/19 prices)



Councils have fought hard to protect children's services in the face of reductions in funding available. At the same time, spending in some areas has been pushed up because the cost of statutory provision is led by demand rather than the funding available. This has led to a funding gap between what local authorities need to spend and how much funding is available to them. This gap has been steadily rising since 2010, and reached £1.7 billion in 2018/19.¹⁹

Funding and spending on local authority children and young people’s services 2010/11 to 2018/19 in real terms (2018/19 prices)



Local authorities might take different approaches to make up shortfalls year-on-year, from drawing on their reserves to reallocating funding from other spending areas. Yet, neither are sustainable. Reserves are finite and not designed to cover year-on-year spending whilst reallocation will simply create shortfalls in other service areas communities rely on. The Local Government Association (LGA) found that in 2018/19 alone, despite increasing their budgets, local authorities overspent on children’s social care by £770 million.²⁰

Based on current trends, the funding gap will continue to persist in the years ahead. The LGA looked at wider funding trends across all areas of local authority spending and they found that local authority children’s services will face a £1.6 billion gap in 2024/25 just to deliver services at the 2019/20 level.²¹ This figure does not account for the near decade of service reductions and losses between 2010 and 2019, or the investment needed to deliver the services children and families really need. Accordingly, both estimates demonstrate the importance of a long-term financial commitment that will not only put children’s services on a sustainable footing, but enable local authorities to re-balance their spending and transform services for the future.

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

Local authority spending by region

All regions except for the South East and South West have seen sustained spending reductions over the past decade, and London is the region with the largest fall in local authority spending since 2010/11, at 15%. However, this is up from a 20% reduction between 2010/11 and 2017/18. After several years of sustained reductions for most regions, an increase in spending was observed across the board in the year from 2017/18 to 2018/19, largely driven by an increase in spending on looked-after children.

Similar to patterns in cuts to funding, there is a difference in spending reductions between the North and South of England. In contrast to other parts of the country, between 2010/11 and 2018/19, local authorities in the South West increased spending by 13% and in the South East by 10%. Overall between 2010/11 and 2018/19, local authorities in the North of England have seen spending on children and young people's service fall by 9%. This compares to 3% in the South of England and 6% in the Midlands.

Table 3: Regional spending on children and young people's services in real terms²²

| | 2010/11 (mn) | 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|--------------------------|--------------|--------------|-------------------------------------|--------------------------------|
| London | £1,986 | £1,698 | -£288 | -15% |
| Yorkshire and the Humber | £1,044 | £913 | -£131 | -13% |
| West Midlands | £1,154 | £1,052 | -£102 | -9% |
| East of England | £956 | £868 | -£88 | -9% |
| North East | £459 | £420 | -£39 | -8% |
| North West | £1,385 | £1,299 | -£86 | -6% |
| East Midlands | £704 | £690 | -£14 | -2% |
| South East | £1,218 | £1,334 | +£116 | +10% |
| South West | £748 | £843 | +£95 | +13% |

Local authority spending by level of deprivation

The fall in spend by level of deprivation continues to reflect trends we identified in our *Turning the Tide* report for 2015/16 and our 2017/18 analysis.²³ Between 2010/11 and 2018/19 the most deprived local authorities have reduced spending on children and young people's services, whilst the least deprived areas have increased spending.

Table 4: Spending on children and young people's services by deprivation in real terms²⁴

| | 2010/11 (mn) | 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|--------------------|--------------|--------------|-------------------------------------|--------------------------------|
| 1 - Least deprived | £1,594 | £1,742 | +£149 | +9% |
| 2 | £2,128 | £2,035 | -£93 | -4% |
| 3 | £1,951 | £1,763 | -£188 | -10% |
| 4 | £1,733 | £1,636 | -£97 | -6% |
| 5 - Most deprived | £2,248 | £1,942 | -£306 | -14% |

In comparison to the reductions in funding, it is striking how difficult the most deprived local authorities have found absorbing cuts to central government grants without cutting spending. Whilst the least deprived have seen a 14% cut to funding, their level of spending has risen by 9%. In comparison, the most deprived have seen their funding cut by 32% and have reduced their spending by 14%.

Local authority spending on late and early intervention services

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

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

These types of early intervention services help to stop problems from escalating. In the case of parenting programmes, helping a child learn to control their emotions when young helps to stop problems in forming appropriate relationships with others as they get older. For young people, a place to go and share difficulties with those in similar situations can be vital in preventing young people becoming overwhelmed and needing intensive support. Alongside early intervention services, there are a number of teams and professionals who are responsible for taking more immediate steps to help children. This can involve visits from social workers to see how a child is doing in the family home or, if there are serious concerns about a child’s safety, taking the child into the care of the local authority. These services are often referred to as statutory services as local authorities are required to act if children reach a certain threshold for help.

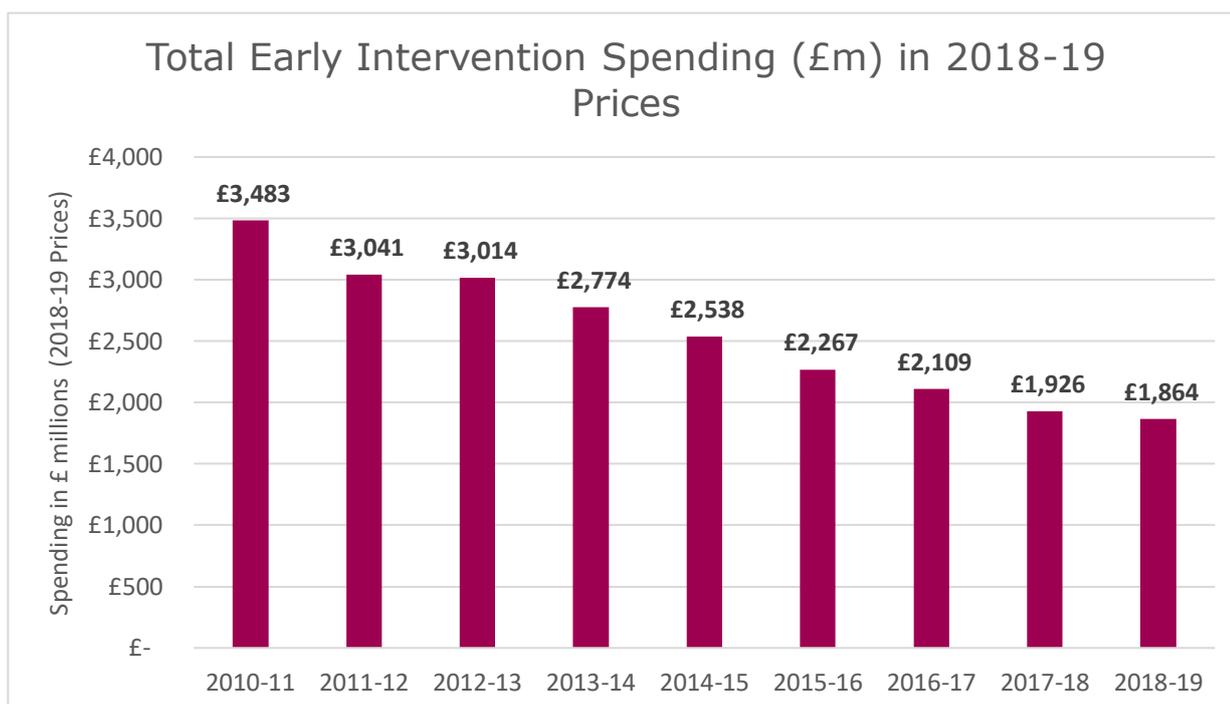
Statutory services are a vital function for any local authority. But they reflect the need to step in because problems have escalated to crisis point. In comparison to early intervention, these late intervention services, are not designed to try and spot problems early. In addition to being more costly,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

Our previous reports, *Losing in the long run* and *Turning the Tide*, underscored how these two areas had seen noticeably different trends in spending since 2010.²⁵ With little action from central government, the sustained patterns of cuts to early intervention and increased spending on late intervention has continued.

Local authority spending on early intervention services

The most recent local authority figures show that spending on early intervention has continued to fall, with a reduction of £63 million between 2017/18 and 2018/19.²⁶ Collectively, spending on children’s centres, family support services and services for young people was £1.6 billion lower in 2018/19 compared to 2010/11, a decline of 46%.

Local authority spending on early intervention services for children and young people in real terms (2018/19 prices)



The fall in early intervention spending is driven by reductions in two main service areas – children’s centres and services for young people, which have both seen budget cuts of well over half since 2010. In both cases, reduced spending has impacted on frontline services. Over 1,000 children’s centres have closed since 2009²⁷ and 763 youth centres have closed since 2012.²⁸ Analysis from the YMCA found that youth services in England accounted for just 4% of the local spend on children and young people’s services in 2018/19, compared to 13% in 2010/11. This is equivalent to a 71% cut in spending on youth services across England since 2010/11.²⁹

Since our last report, which looked at spending up to 2017/18, both have seen further cuts. Between 2010/11 and 2017/18, spending on children’s centres fell by 59% and spending on services for young people fell by 69%. This has jumped to 64% and 71% respectively for 2018/19.

Table 5: Local authority spend on early intervention services in real terms³⁰

| Area of spending | Spend in 2010/11 (mn) | Spend in 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|---------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------|
| Children's centres | £1,426 | £508 | -£918 | -64% |
| Family support services | £885 | £1,020 | +£135 | +15% |
| Services for young people | £1,171 | £335 | -£836 | -71% |
| Total | £3,483 | £1,864 | -£1,619 | -46% |

The scale of service closures inevitably leads to a reduction in the level of support available to children, young people and their families. In the worst cases, this will mean chances to spot signs of emerging problems are missed – from language development in the early years to risky behaviour amongst teenagers.

Despite the valuable role of early intervention, spending on these services represents a diminishing proportion of local authority budgets. In 2010/11, early intervention represented 36% of local authority spending on children and young people’s services. This had fallen to 20% by 2018/19 - a 44% fall.

In addition to spending on children’s centres, family support and services for young people, local authorities will also provide a range of services for disabled children and their families. Unlike other early intervention services, this area has been comparatively protected by local authorities and seen an uptick in spending over the last year. However, while this brings spending to within a few percentage points of its value in 2010/11, this increase follows five years of cuts, and represents 4% of the total spent on children’s and young people’s services.

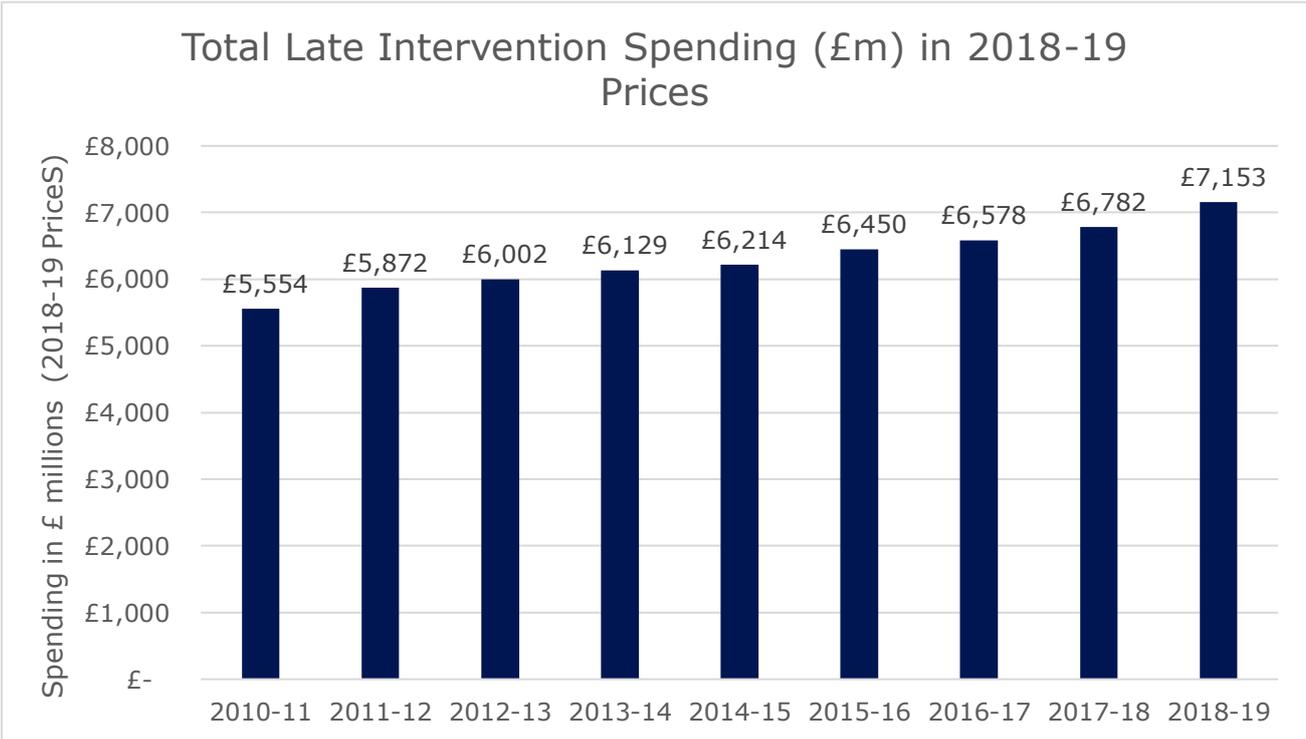
Table 6: Local authority spending on disabled children’s services in real terms (mn)³¹

| | |
|---------|------|
| 2010/11 | £344 |
| 2011/12 | £366 |
| 2012/13 | £374 |
| 2013/14 | £367 |
| 2014/15 | £356 |
| 2015/16 | £353 |
| 2016/17 | £339 |
| 2017/18 | £334 |
| 2018/19 | £340 |

Local authority spending on late intervention services

Figures for last year show that local authority spending on late intervention has continued to rise.³² Collectively, spending on children in care, youth justice and safeguarding was £1.6 billion higher in 2018/19 compared to 2010/11. This is a 29% increase.

Local authority spending on late intervention services for children and young people in real terms (2018/19 prices)



The increase in late intervention spending is driven by two main areas – safeguarding and children in care. The vast majority of local authorities have increased spending in these areas, with some more than doubling their budgets for looked-after children and safeguarding between 2010/11 and 2018/19.

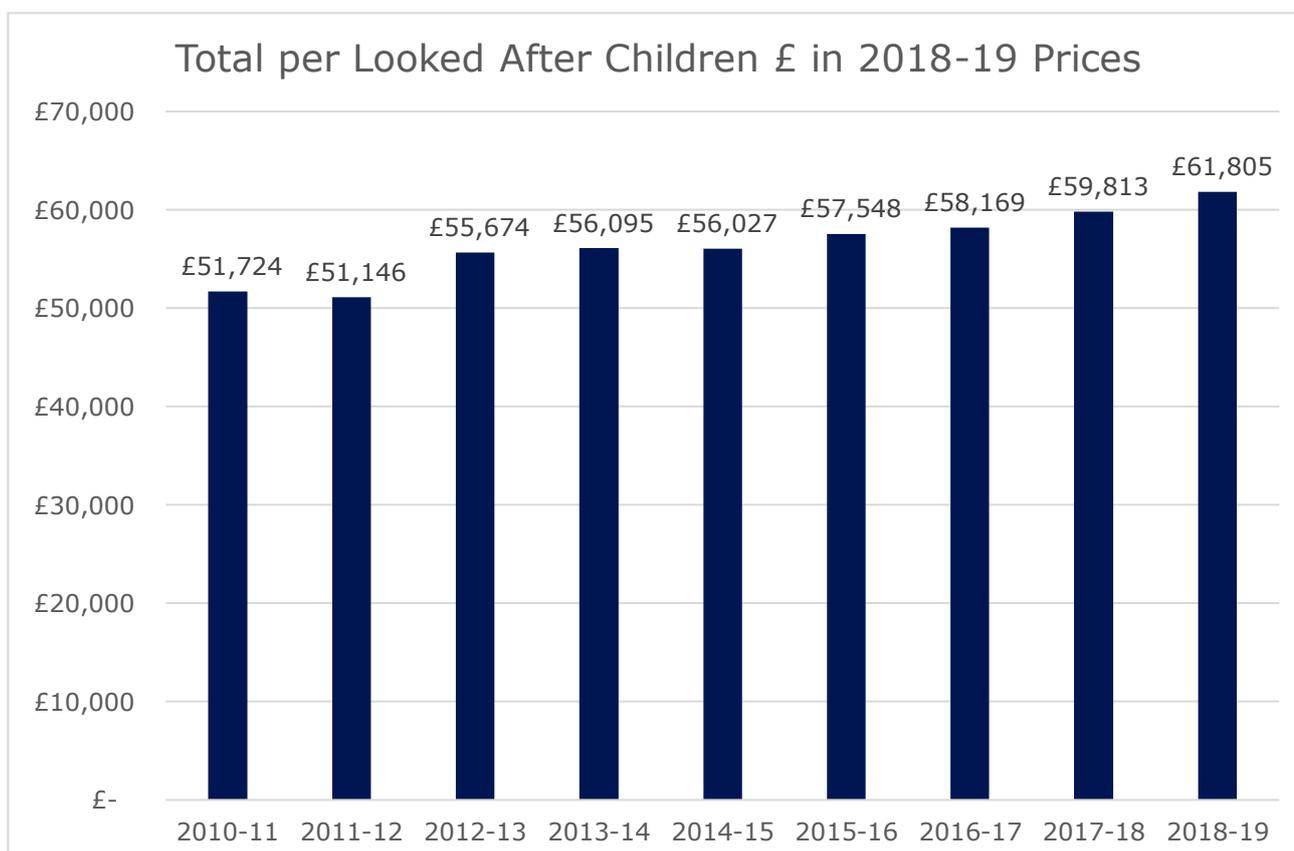
In particular, there has been a large increase in spending on looked-after children. Between 2010/11 and 2017/18, local authority spending on this area increased by 30%, but by 2018/19 this had risen to 40%. Spending on safeguarding – those statutory services that protect children at risk of immediate harm - also rose by 23% between 2010/11 and 2018/19.

Per capita spending on looked-after children has steadily increased from £51,724 in 2010/11 to £61,805 in 2018/19, a rise of 19%. As the National Audit Office and our own qualitative research with local authorities has shown, the difficulty local authorities have in placing children with complex needs into foster care drives up costs as they are forced to place them into more expensive residential care.³³

Table 6: Local authority spend on late intervention services in real terms³⁴

| Area of spending | Spend in 2010/11 (mn) | Spend in 2018/19 (mn) | Change from 2010/11 to 2018/19 (mn) | Change from 2010/11 to 2018/19 |
|----------------------------|-----------------------|-----------------------|-------------------------------------|--------------------------------|
| Looked-after children | £3,334 | £4,659 | +£1,324 | +40% |
| Safeguarding ³⁵ | £1,906 | £2,342 | +£435 | +23% |
| Youth justice | £314 | £153 | -£161 | -51% |
| Total | £5,554 | £7,153 | +£1,599 | +29% |

Local authority per capita spending on looked-after children in real terms (2018/19 prices)



The increase in late intervention spending reflects rising demand. Since 2010, there has been a 6% increase in referrals to children's social care services, a 22% increase in the number of children subject to a child protection plan³⁶ and a 19% increase in the number of children in care.³⁷

This trend is unlikely to change in the near future. In the period up to 2022/23, the Association of Directors of Children's Services projects a 9% increase in referrals to children's social services, a 21% increase in the number of children subject to child protection plans and a 7% increase in the number of looked-after children.³⁸ However, this analysis was undertaken prior to the social and economic disruptions unleashed by the COVID-19 crisis, which are likely to drive even greater demand in the months and years ahead.

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

Conclusion

A few months ago, before COVID-19 and the lockdown to contain it hit the UK, children's services were already in a precarious position attempting to manage increasing demand for statutory children's services while absorbing reductions in funding of £2.2 billion. After 10 years of austerity, the Government had begun to take some welcome, initial steps towards addressing this black hole. However, this investment – amounting to an extra £1 billion a year split across both children's and adult's social care services - had only made small headway into closing the gap between funding and spending, and the funding settlement remained unsustainable.

The introduction of COVID-19 has radically changed the landscape of children's services. The response to the pandemic has shone an unprecedented light on the people working tirelessly to protect and support children, but also highlighted, and exacerbated, the strains on the system as it responds to the biggest social and economic crisis in living memory.

The impact of this crisis has the potential to be deep and long-lasting. The reserves which many local authorities have relied on to plug the gap between funding and spending for children's services are at risk, as business rates, council tax and other revenue streams are affected by the economic impact of the pandemic. Whilst an immediate government investment of £3.2 billion for local authorities in England has temporarily plugged some of this gap, there are risks that a fall in income will come at a time when the demands have never been greater.

Before COVID-19, reduced funding had already forced local authorities to prioritize their statutory child protection work, leaving the non-statutory children's services, which intervene early, to operate on a significantly reduced budget, or be cut altogether. We know that lockdown increases the risk of children experiencing adversity. The number of children and young people who will require support to cope with a complete upheaval of their lives will necessitate those depleted early intervention services being rebuilt.

We know children's experiences of COVID-19 will be unequal. Those facing additional economic and social pressures will be most at risk of having the disruption of lockdown compounded by a lack of access to resources, family pressures, intensifying mental health issues and the risk of abuse and neglect. Local authorities with the most deprived communities have suffered the greatest reductions in spending power over the last decade. Their increased needs must both be acknowledged and determine funding in the future.

Methodology

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

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

Spending on children and young people's services

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

Spending on early and late intervention

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

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

- Children's centres and other early years services: This includes local authority spending on the management of children's centres and delivery of their services. It does not include the early education free entitlement.
- Family support services: This includes targeted family support (such as intensive family interventions, home care and contributions to healthcare for children) and universal family support (for example, home-school liaison, peer to peer support services and relationship support).
- Services for young people: This includes targeted and universal services for young people, such as: youth work, activities for young people, services to support young people's participation in education or training, student support, and preventative substance misuse and teenage pregnancy services.

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

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

Inflation and population figures

To estimate spending per child we have used population estimates per local authority based on a single age from NOMIS.

Values have been adjusted to 2018/19 levels ('real terms') using the 'GDP Price Deflator', which measures the change in prices for all goods and services produced in the economy. This is different from the previous Funding and Spending Report for 2017/18, which used RPI as the inflationary indicator. The GDP deflator has been used as it more closely reflects price changes that local authorities face. Using a different inflation metric has had an impact on the absolute (level) of reported funding and spending when comparing to 17/18, but the overall trends are comparable.



About Action for Children

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



About NCB

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



About Barnardo's

Barnardo's is the UK's largest national children's charity. In 2018/19, we supported around 300,000 children, young people, parents and carers through more than 1,000 services – including counselling for children who have been exploited, support for children in and leaving care and specialist mental health services. Barnardo's goal is to achieve better outcomes for more children by creating stronger families, safer childhoods, and positive futures.



About The Children's Society

The Children's Society is a national charity that works with the most vulnerable children and young people in Britain today. We listen. We support. We act. Because no child should feel alone. In 2018/19 we worked with nearly 10,000 vulnerable children and young people through direct practice and youth engagement.



About NSPCC

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

Endnotes

¹ National Audit Office (2019) *Pressures on Children's Social Care* [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf>. Accessed 27th April 2020.

² House of Commons Library (2017) *Sure Start (England)* [pdf] available at: <http://researchbriefings.files.parliament.uk/documents/CBP-7257/CBP-7257.pdf>. Accessed 27 April 2020.

³ This figure is based on the Early Intervention Grant spend line in the Local Government Finance Settlement. The figure is presented in real terms.

⁴ Figures have been rounded to the nearest hundred million.

⁵ This figure is reflective of the population in England of children and young people aged 0-25. The figure has been rounded to the nearest pound. In comparison, per capita spending on 0-18 fell from £807 in 2010-11 to £763 in 2018-19. The per capita spend on 0-25 fell from £571 in 2010-11 to £521 in 2018-19.

⁶ Figure has been rounded to the nearest pound.

⁷ There has been a 3% increase in the under-19 population across England. In comparison, there has been a 6% increase in the under-18 population and a 3% increase in the 0-25 population.

⁸ In 2010/11 children and young people aged 0-19 made up 24% of the total population in England. Adults aged 20-64 made up 60% of the population and older adults aged 65 and over made up 16% of the population. In 2018/19 children and young people made up 24% of the population. Adults aged 20-64 made up 58% of the population and older adults made up 18% of the population.

⁹ All figures presented in real terms. Figures have been rounded to the nearest hundred million.

¹⁰ Office of the Children's Commissioner (2017) *Growing Up North* [pdf] Available at: <https://www.childrenscommissioner.gov.uk/publication/growing-up-north-a-generation-of-children-await-the-powerhouse>. Accessed 27 April 2020.

¹¹ This relates to the rate of children who are in care, were referred to children's services and the number of Section 47 enquires per 10,000 children and young people in 2019. For further information please see: Department for Education (2019) *Children looked-after in England including adoption: 2018 to 2019* [online] Available at: <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2018-to-2019> and Department for Education (2019)

Characteristics of children in need: 2018 to 2019 [online] Available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2018-to-2019>.

¹² All figures presented in real terms. Figures have been rounded to the nearest hundred million.

¹³ The Institute for Fiscal Studies (2015) *The most deprived councils are likely to continue facing the sharp end of local government spending cuts* [online] Available at: <https://www.ifs.org.uk/publications/7732>. Accessed 27 April 2020.

¹⁴ Figures are taken from the Department for Education statistical releases.

| | 2010 | 2019 | Change 2010-19 | Change (%) 2010-19 |
|-----------------------|--------|--------|----------------|--------------------|
| Least deprived | 68,706 | 71,446 | 2,740 | 4% |
| Most deprived | 75,710 | 88,380 | 12,670 | 17% |

For further information on Children in Need figures please see: Department for Education (2014) *Characteristics of children in need: 2013 to 2014* [exls] Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/367878/SFR43_2014_Tables.xlsx and Department for Education (2019) *Characteristics of children in need: 2018 to 2019* [exls] Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/843047/Characteristics_of_children_in_need_2018_to_2019_main_tables.xlsx Accessed 27 April 2020.

¹⁵ National Audit Office (2019) *Pressures on Children's Social Care* [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf>. Accessed 27th April 2020.

¹⁶ Department for Education (2017) *Children's services: spending, 2010-11 to 2015-16*. [pdf] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/662767/LA_expenditure_Childrens_Services_Update.pdf. Accessed 17th April 2020.

¹⁷ Bywaters, P. (2017) *Identifying and Understanding Inequalities in Child Welfare Intervention Rates: comparative studies in four UK countries* [pdf] Available at: https://www.basw.co.uk/system/files/resources/basw_82151-10_0.pdf. Accessed 27 April 2020.

¹⁸ Figures have been rounded to the nearest hundred million.

- ¹⁹ This figure has been rounded to the nearest hundred million.
- ²⁰ Local Government Association (2019) *Children's care crisis* [online] Available at: <https://www.local.gov.uk/about/news/childrens-care-crisis-councils-forced-overspend-almost-ps800m-childrens-social-care>. Accessed 16th April 2020.
- ²¹ Local Government Association (2020) Council funding requirement and funding gap. Technical document: Assumptions and outline results of the 2025 funding gap analysis[pdf] available at: <https://www.local.gov.uk/sites/default/files/documents/Technical%20Document%202020.pdf>. Accessed 23 April 2020.
- ²² All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ²³ Action for Children, National Children's Bureau and The Children's Society (2017) *Turning the Tide* [pdf] Available at: https://www.ncb.org.uk/sites/default/files/field/attachment/Turning%20the%20tide%20report_final.pdf and Action for Children, Barnardo's, The Children's Society, NSPCC and National Children's Bureau (2019) *Children and young people's services: funding and spending analysis 2010/11 to 2017/18* [pdf] Available at: <https://www.childrensociety.org.uk/what-we-do/resources-and-publications/children-and-young-people%E2%80%99s-services-funding-and-spending>. Accessed 24 April 2020.
- ²⁴ All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ²⁵ Action for Children, National Children's Bureau and The Children's Society (2016) *Losing in the long run* [pdf] Available at: <https://www.childrensociety.org.uk/what-we-do/resources-and-publications/losing-in-the-long-run-trends-in-early-intervention-funding>. Accessed 27 April 2020.
- ²⁶ We have taken a broad approach to defining early intervention, incorporating some universal and targeted services. This reflects the government's own approach; it has expected local authorities to use their early intervention funding allocation – previously called the Early Intervention Grant – to pay for a range of universal and targeted services, including information and advice for young people, Sure Start children's centres, teenage pregnancy services, respite care for families of disabled children, and other support for families. Rounded to the nearest million.
- ²⁷ Smith, G., Sylva, K., et al (2018) *Stop Start* [pdf] Available at: <https://www.suttontrust.com/wp-content/uploads/2018/04/StopStart-FINAL.pdf>. Accessed 17th April 2020.
- ²⁸ Unison (2019) *Youth services at breaking point* [pdf] Available at: <https://www.unison.org.uk/content/uploads/2019/04/Youth-services-report-04-2019.pdf>. Accessed 17th April 2020.
- ²⁹ YMCA (2020) *Out of Service* [pdf] <https://www.ymca.org.uk/wp-content/uploads/2020/01/YMCA-Out-of-Service-report.pdf>. Accessed 27 April 2020.
- ³⁰ All figures presented in real terms. Figures have been rounded to the nearest hundred million.
- ³¹ Figures have been round to nearest hundred million.
- ³² Late intervention refers to those areas of spend primarily dealing with children who have reached a higher level of need. Spend in this area is targeted at specific needs and will include children in care and youth justice. Please see methodology for further information.
- ³³ National Audit Office (2019) *Pressures on Children's Social Care*. [pdf] Available at: <https://www.nao.org.uk/wp-content/uploads/2019/01/Pressures-on-Childrens-Social-Care.pdf> and Action for Children, Barnardo's, The Children's Society, National Children's Bureau and NSPCC (2020) *Pressures on children's and young people's services: a deep dive*. Accessed 24 April 2020.
- ³⁴ Figures are presented in real terms. Figures have been rounded.
- ³⁵ In 2010/11 the Department for Education s.251 outturns recorded spend in this area under two separate spending lines – 'commissioning and social work' and 'children and young people's safety'. These have been combined to reflect 'safeguarding children and young people's services' spending to make this comparable to 2010/11.
- ³⁶ Department for Education (2011) *Characteristics of children in need: 2010 to 2011* [pdf] Available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-in-england-financial-year-2010-to-2011-final-figures> and Department for Education (2019) *Characteristics of children in need: 2018 to 2019* [pdf] Available at: <https://www.gov.uk/government/statistics/characteristics-of-children-in-need-2018-to-2019>.
- ³⁷ Department for Education (2011) *Children looked-after in England including adoption: 2010 to 2011* [pdf] Available at: <https://www.gov.uk/government/statistics/children-looked-after-by-local-authorities-in-england-year-ending-31-march-2011> and Department for Education (2019) *Children looked-after in England including adoption: 2018 to 2019* [pdf] Available at: <https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2018-to-2019>.
- ³⁸ Association of Directors of Children's Services (2018) *Safeguarding Pressures Phase 6* [pdf] Available at: https://adcs.org.uk/assets/documentation/ADCS_SAFEGUARDING_PRESSURES_PHASE_6_FINAL.pdf Accessed 7th April 2020.