




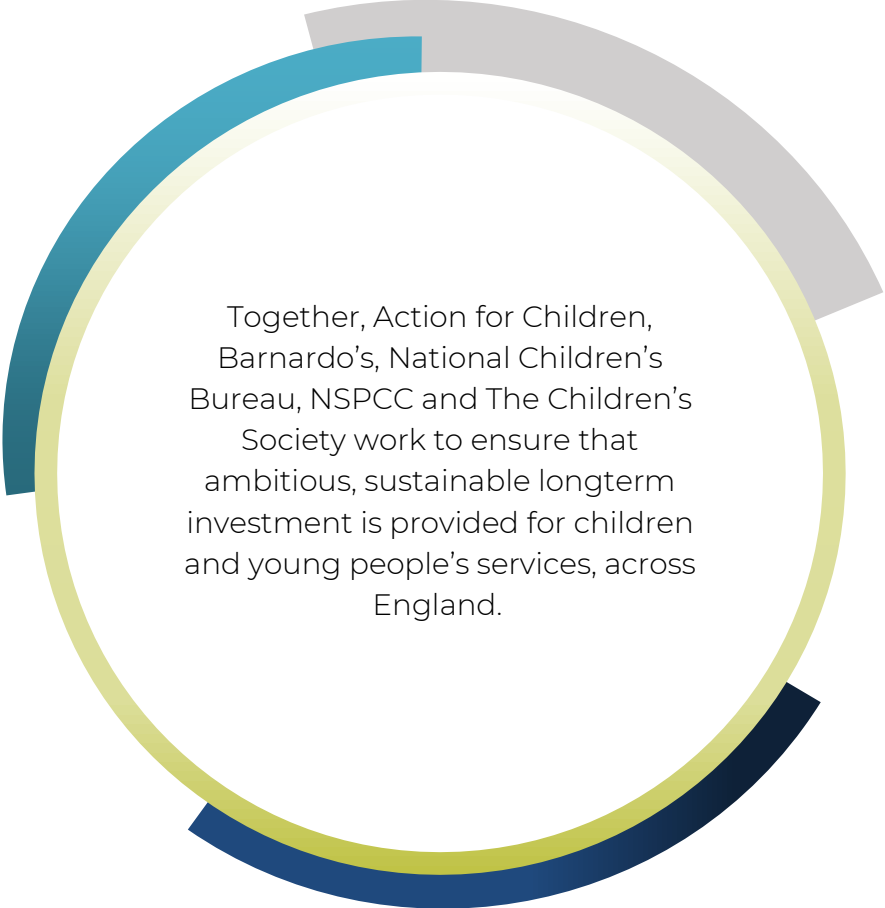
Stopping the spiral

Children and young people's services spending 2010-11 to 2020-21

In association with Max Williams and Jon Franklin
July 2022



Pro Bono Economics uses economics to empower the social sector and to increase wellbeing across the UK. We combine project work for individual charities and social enterprises with policy research that can drive systemic change. Working with 400 volunteer economists, we have supported over 500 charities since our inception in 2009.



Together, Action for Children, Barnardo's, National Children's Bureau, NSPCC and The Children's Society work to ensure that ambitious, sustainable longterm investment is provided for children and young people's services, across England.

Spending by local authorities
on early intervention services
for children and young
people fell by

£1.9 billion

between 2010-11 and 2020-21

By 2020-21

80%

of all local authority
spending on children and
young people went on
late intervention services,
up from 58% in 2010-11

This pressure on late
intervention services has
driven up costs. Real costs
of care have increased by

11%

per child between 2012
and 2020

Between 2010-11 and 2020-21 total
spending on children and young
people's services fell by

£241 million

in the most deprived fifth of local
authorities, whilst it rose by £228m in
the least deprived local authorities

A system in need of a radical reset

The care system is failing children and young people. Adults who spend time as children in the care system are 70% more likely to die prematurely than those who do not.¹ Care leavers are estimated to make up around a quarter of the adult prison population, despite the small percentage of children who enter care each year.² And in 2021, only 6% of care leavers aged 19 to 21 were known to be in higher education. Meanwhile, 41% were Not in Education, Employment, or Training, compared to just 12% of all young people of the same age group.³ Worryingly, outcomes for children formally assigned as “in need” but not in care have been shown to be similarly poor.⁴

Dramatically reducing these unacceptably poor outcomes is both necessary and urgent. Necessary because, for some children, entering the care system is unavoidable. Urgent because there are growing numbers of vulnerable children and young people in England: the number of children in local authority care has increased by almost a quarter since 2010-11, the number of children formally identified as “in need” has grown by 12,500 over the same period and the number of children subject to a child protection plan has grown by almost 16% between 2013 and 2021. And the longer the system waits for a radical reset, the harder the problems will be to solve. Children in care are now often facing more complex challenges, with significant increases in cases relating to abuse or neglect, poor parental mental health and emotional abuse.⁵

But a better system is possible. When children do receive the right care, good outcomes can follow. Currently, the system which drives so many poor outcomes leaves too many in care with a lack of trusted adults to provide emotional support; it increasingly places children away from their home, and it creates instability through multiple changes in care

¹ Murray E, Lacey R, Maughan B, Sacker A (2020): [Association of childhood out-of-home care status with all-cause mortality up to 42-years later](#); Office of National Statistics Longitudinal Study, BMC Public Health 20, 735

² The independent review of children’s social care (2022): [The case for change](#)

³ Department for Education (2021): [Children looked after in England including adoptions](#)

⁴ Department for Education (2019): [Help, protection, education: concluding the Children in Need review](#)

⁵ The Association of Directors of Children’s Services Ltd (2021): [Safeguarding pressures phase 7](#)

placements.^{6 7 8} These and other failings can be reduced with the right solutions in the right places, in order to provide the care that children need.

Local authorities bear the responsibility for protecting and promoting children's welfare and wellbeing. Yet while need continues to skyrocket, the funding available for local authorities to achieve this has been severely constrained. For example, National World estimate that a children's services budget deficit worth as much as £4 billion opened up between 2014-15 and 2019-20.⁹ As local authorities firefight to provide statutory crisis interventions, attempts to balance the books have led to cutbacks in the very areas of care that help to prevent crises arising in the first place. If current trends continue, 100,000 children could be in care by 2032, with costs to long-overstretched councils rising to £15bn – up almost 50% on where they are now.¹⁰

The long-awaited review of children's social care, chaired by Josh MacAlister, has called for a “radical reset” of the system, aimed at shifting provision away from crisis management and towards early intervention that begins in the community.¹¹ The review suggests that achieving this will require £2.6bn of investment over four years, and a strong focus on intensive services to support families in crisis, aimed at providing support to at-risk children as early as possible.

While some commentators have raised concerns with elements of the review's recommendations, consensus from leading children's charities and other sector experts has formed around the urgency to do more to lessen our unsustainable reliance on crisis intervention and instead support measures offering help early, before situations spiral.¹²

This report aims to contribute to that effort. Tracing shifts in early and late intervention spending over the last decade, it digs into the underlying data behind those trends to explore what's gone wrong and where help may be best targeted. In the process, it shows that cuts to early intervention services – and family support in particular – have disproportionately

⁶ The independent review of children's social care (2022)

⁷ NSPCC (2022): [Looked after children](#)

⁸ Rahilly T, Hendry E (2014): [Promoting the wellbeing of children in care: messages from research](#), NSPCC

⁹ Clugston H (2021): [Children's social services face £4bn budget blackhole since 2014 - as social workers call for more cash to protect kids](#), National World

¹⁰ The independent review of children's social care (2022)

¹¹ The independent review of children's social care (2022)

¹² Pierre R (2022): [England's care system is failing children. This new overhaul is based on a middle-class fantasy](#), The Guardian

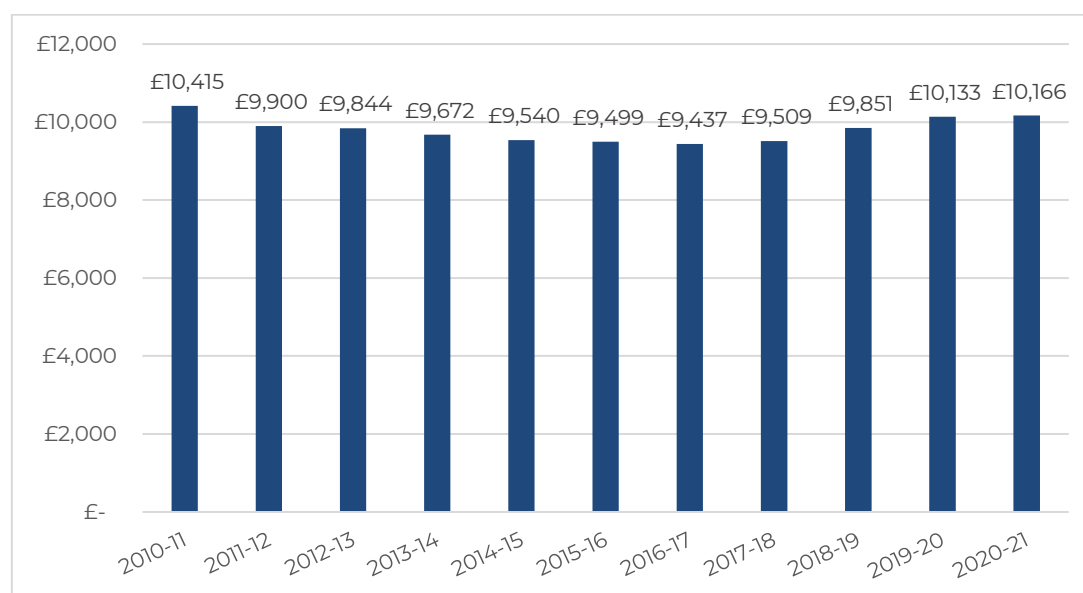
impacted children in the most deprived parts of the country.¹³ Only through targeted investment in early intervention in those places can we begin to reverse the crisis in children's services and create a more caring system for children and young people.

Spending on children's services is now heavily focused on late interventions

The past four years has seen a steady increase in spending on children and young people's services by local authorities in England. After a low point of £9.4bn in 2016-17, total spending has since risen to reach £10.2bn in 2020-21 – an 8% increase. However, even with these rises, spending still remains £249 million below 2010-11 levels and spending has not kept up with rising need.

Chart 1. Spending on children's services has increased over the last five years

Total spending on children and young people's services (£m) real terms (2020-21 prices)



Source: PBE analysis of Department for Education (2021): *LA and school expenditure*

The demand for children's services is increasing. The number of children in need in England rose by 3.3% between 2010-11 and 2020-21. Meanwhile, the number of looked-after children rose by a staggering 24%. Over the same period, total spending per young person on children's services declined by

¹³ Family support services include: home care to help carers look after a child at home, intensive family support lead by the Troubled Families Unit, family contact supervision, community support such as home-school liaison services, or respite care for disabled children.

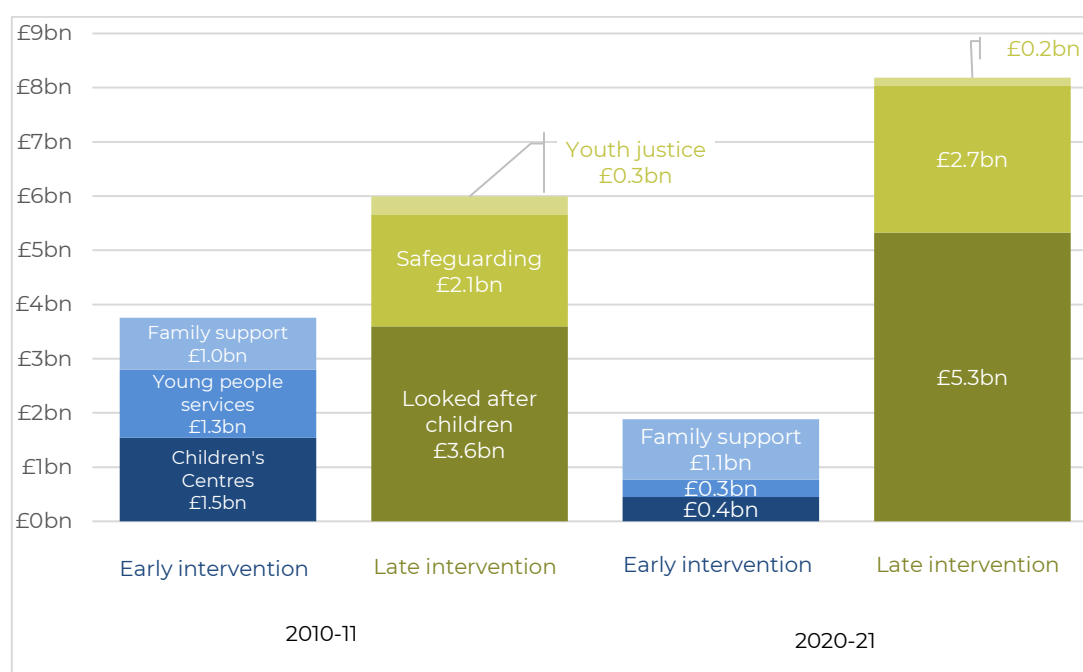
6%, from £616 per young person in 2010-11, to £580 per young person in 2020-21.¹⁴

In this context of tightening resource, the majority of both overall spending and recent increases have been focused on late intervention services. These services include the support provided for looked-after children, such as fostering fees and allowances, adoption services, extra educational support, and support for care leavers. They also include safeguarding services – namely social work and the strategies and safeguarding boards that underpin it – and youth justice provision. These tend to be intensive interventions, which are required when children and young people are in significant need.

In 2020-21, 80.5% of local authority spending on children and young people went on such late intervention services – up from 58% in 2010-11. The remaining 18.5% of spending in 2020-21 went towards early intervention services like Sure Start children's centres, family support – including things like payments for special educational needs and domiciliary care assistants – and services for young people, from youth work to student support. In 2010-11, early intervention services made up 42% of children's services spending.

Chart 2. Children's services spending is dominated by late interventions

Children's services spend by category by item, 2010-11 and 2020-21, real terms (2020-21 prices)



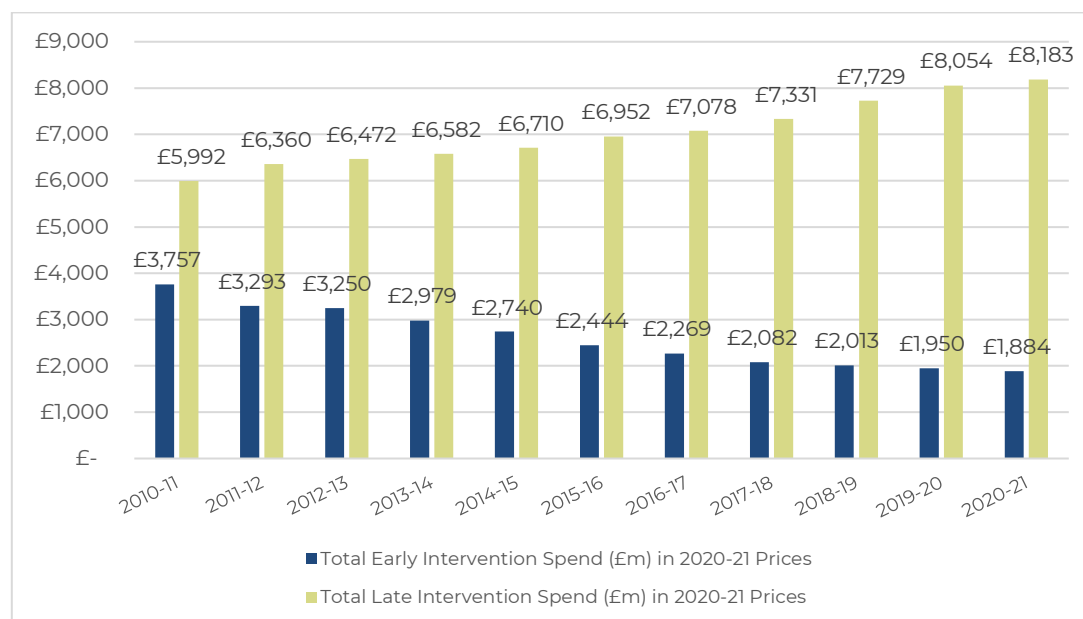
Source: PBE analysis of Department for Education (2021); *LA and school expenditure*

¹⁴ These figures are calculated using the total number of young people aged 0-25.

This stark imbalance which has arisen over the last decade means that total expenditure on early intervention services has halved since 2010-11. To put this in perspective, in 2010-11, for every £1 spent on late intervention services, councils spent £0.63p on early intervention. By 2020-21, relative spending on early intervention had fallen to just £0.23p for every £1 spent on late intervention.

Chart 3. Early intervention spending has fallen by half since 2010-11

Total early and late intervention spend (£m), real terms (2020-21 prices)



Source: PBE analysis of Department for Education (2021): *LA and school expenditure*

Spiralling care costs have driven much of this imbalance

This growing imbalance can in part be explained by the statutory responsibility that local authorities have to deliver crisis interventions to protect children. While social care services and the majority of the other late intervention services are a statutory requirement, most early intervention services are not and so are more likely to be squeezed out of a budget when government funding is cut. But this factor is only the first part of a broader, vicious spiral which results in taxpayer costs rising and children's outcomes falling.¹⁵

¹⁵ See Williams M, Franklin J (2021): [Children and young people's services: Spending 2010-11 to 2019-20](#), Pro Bono Economics

As local authorities are forced to prioritise crisis interventions at the expense of early intervention, need for crisis services increases. Early interventions often help young people and their families cope better with difficult situations. If these are no longer available, then difficulties can escalate - meaning that more families are likely to reach crisis point. Although it can be hard to develop comprehensive evidence for this effect due to the complex interactions of needs and spending, there is growing empirical evidence that those local authorities that experience the biggest reductions in children's services spending tend to see more children aged 16-17 entering care, as well as more children being formally identified as "in need".^{16 17}

This increased demand for late intervention services can drive up costs for local authorities, particularly in the context of a relatively supply-constrained market with a handful of relatively large providers.^{18 19} For instance, since 2012-13 (the earliest year for which the full cost breakdown data is comparable), expenditure on looked-after children has increased by £1.3bn, accounting for more than three-quarters of the rise in late intervention spending over this period.²⁰ Part of the contribution to this is that the average cost per looked-after child has increased by 11% in real terms, from £60,032 in 2012 to £66,608 in 2020. The vast majority (75%) of this increase has gone to residential care.²¹ And according to the Competition and Markets Authority, 83% of the residential care market is privately-owned, with children's home providers seeing average profit margins of 22.6% from 2016 to 2020.²²

¹⁶ Bennett D, Webb C, Mason K, Schluter K, Fahy K, Alexiou A, Wickham S, Barr B, Taylor-Robinson D (2021): [Funding for preventative Children's Services and rates of children becoming looked after: A natural experiment using longitudinal area-level data in England](#), Children and Youth Services Review 131, 106289

¹⁷ Webb C (2021): [In Defence of Ordinary Help: Estimating the effect of Early Help/Family Support Spending on Children in Need Rates in England using ALT-SR](#), Cambridge University Press

¹⁸ Competition & Markets Authority (2022): [Children's social care market study: final report](#)

¹⁹ Competition & Markets Authority (2022) highlight that this is particularly the case for young people with the most complex needs, where a fear of receiving negative regulatory ratings limits the supply of places even further.

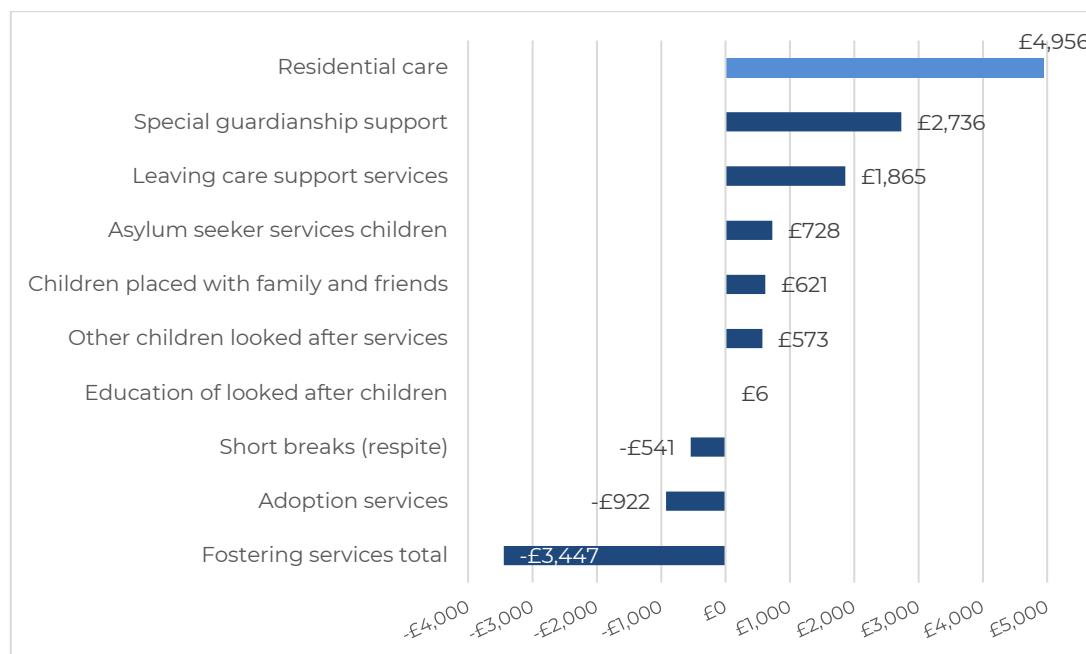
²⁰ Note that this comparison is from 2012-13 – 2020-21 to provide consistency with detailed cost breakdowns of data that are only available for a shorter period. Late intervention spending increased by £2.2bn between 2010-11 and 2020-21.

²¹ Comparisons are made against 2012-13 rather than 2010-11 due to availability of consistent spending categories.

²² The independent review of children's social care (2022)

Chart 4. The costs of residential care have increased dramatically

Change (£) in spend per looked after child by item, 2012 to 2020, real terms (2020-21 prices)



Source: PBE analysis of Department for Education (2021): *LA and school expenditure* and Department for Education (2022): *Statistics: Looked-after children*

In the immediate term, these price rises exacerbate the accelerating costs of late intervention services year-on-year. But they also add further pressure to local authority budgets, leaving less money available for preventative measures, and feeding back into the spiral of rising costs and worse outcomes for children.

Investment is needed to break the spiral

Stopping the spiral of costs of care and worsening outcomes for children and young people requires targeted investment in early intervention services.

Much has been said, for example, about the damage wrought by cuts to funding for Sure Start centres (one of the three main categories of early intervention spending covered in the data) since 2010.²³ And recent findings relating to the impact of Sure Start centres on reducing children's

²³ See for example: Smith G, Sylva K, Smith T, Sammons P, Omonigho A (2018): [Stop Start: survival, decline or closure? Children's centres in England](#), 2018, Sutton Trust and Action for Children (2019): [Closed doors report on children centre cuts](#)

hospitalisation rates has led the Institute for Fiscal Studies to call for reverses to these cuts.²⁴

Now, MacAlister's review of children's social care suggests another route to redressing this imbalance. It calls for a move towards more relationships-focused approaches to care, by providing "intensive help to families in crisis".

"Achieving this reset starts with recognising that it is loving relationships that hold the solutions for children and families overcoming adversity. While relationships are rich and organic, children's social care can be rigid and linear. Rather than drawing on and supporting family and community, the system too often tries to replace organic bonds and relationships with professionals and services."

Specifically, the review recommends introducing into care services a single category of "Family Help", which would replace "targeted early help" and "child in need" work. "Family Help Teams", with staff ranging from social workers to mental health practitioners, would work to support and strengthen family relationships, helping to provide the safe environments that children need and keep them in the communities in which they are growing up.²⁵

Drawing on the care review's definitions, we use current spending data for "targeted services for young people", "universal family support" and "targeted family support" as an indicative proxy for how spending on "Family Help" has changed over time.

What emerges is an underserved element of children's services spend in dire need of resource. Indeed, between 2012-13 (the earliest year for which the cost breakdowns are comparable) and 2020-21, total spending on these "Family Help" items fell by £156m. This is a decrease of £10.37 per young person (aged 0-25) – a 16% drop compared to 2012-13.²⁶

This decline was driven mainly by a large drop (57%) in spend per young person on "targeted services for young people". This includes services focused on early intervention for vulnerable young people targeting issues

²⁴ Cattan S, Conti G, Farquharson C, Ginja R: [The health effects of Sure Start](#), Institute for Fiscal Studies

²⁵ The independent review of children's social care (2022)

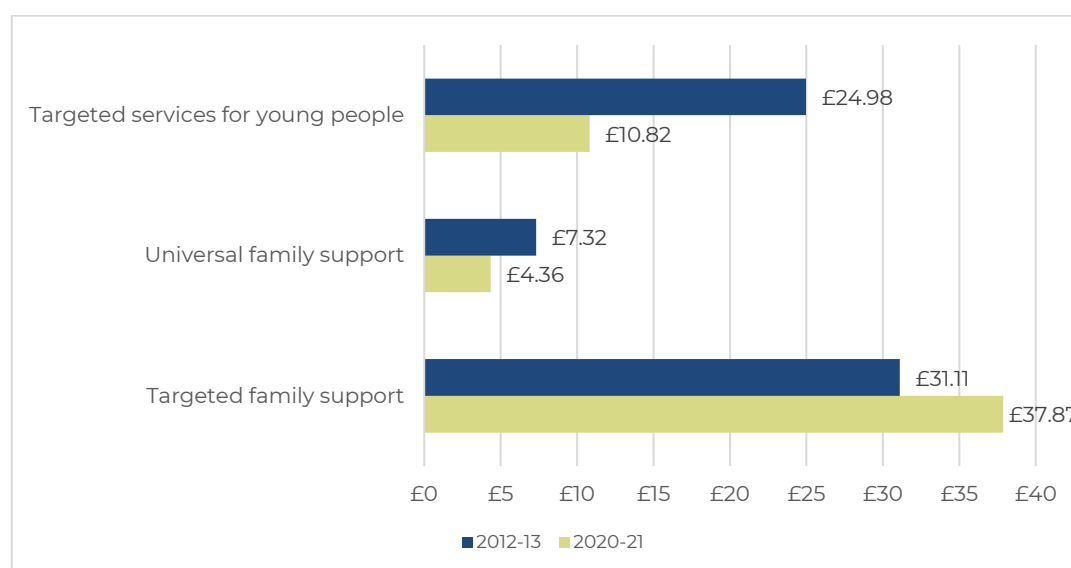
²⁶ Comparisons are made against 2012-13 rather than 2010-11 due to availability of consistent spending categories.

such as: substance misuse, anti-social behaviour, teenage pregnancy, unemployment and mental health.²⁷

More positively, "targeted family support services", which focus on children's healthcare and intensive family interventions, have seen a small increase in overall spending over the decade. However, targeted support focuses only on certain groups of vulnerable families. Total spending on "universal family support" – which is open to all, and may include children from disadvantaged groups – decreased by £50m between 2010-11 and 2020-21. The result is a cut of £2.96 per young person (aged 0-25), from £7.32 in 2010-11 to £4.36 in 2020-21 – a 41% drop. As a result, some children from disadvantaged groups who have not been identified as in need of targeted support are being underserved by the system.²⁸

Chart 5. Spending has fallen for targeted services for young people and universal family support

Spend (£) per young person on "Family Help" items, real terms (2020-21 prices)



Source: PBE analysis of Department for Education (2021): *LA and school expenditure* and Nomis (2022): *Population estimates – local authority based by single year of age*

The care review recommends investment of £2.6bn over five years to reset the care system and re-focus spending on early intervention support. Based on the assumed trends for children requiring support built into the care review's analysis, this would then support a permanent increase of

²⁷ Education & Skills Funding Agency (2020): [Section 251 financial data collection 2019 to 2020: guidance for local authorities compiling their outturn statement](#)

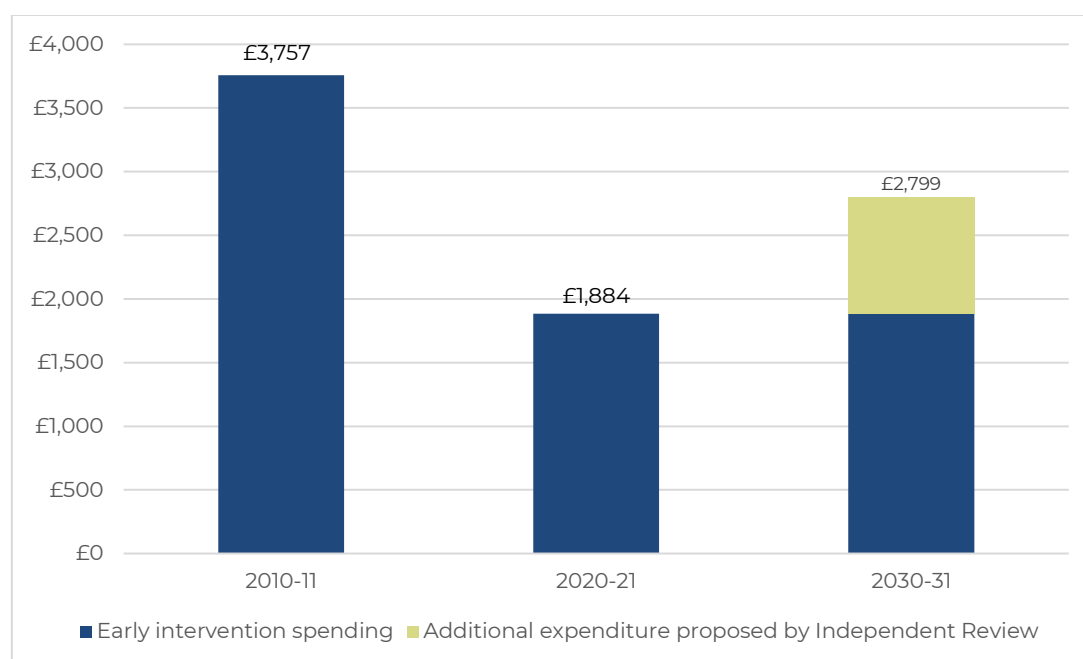
²⁸ Education & Skills Funding Agency (2020)

expenditure on early intervention services of around £1.1bn per year by 2030-31.²⁹

However, while any additional investment in early intervention is welcome, even this proposed level of investment would leave early intervention spending almost £1bn lower than it was in 2010-11. This raises the question of whether this will be sufficient investment to undo the effects of more than a decade of decline for early intervention support.

Chart 6. Spending has fallen for targeted services for young people and universal family support

Total spend (£m) on early intervention, real terms (2020-21 prices)³⁰



Source: PBE analysis of Department for Education (2021): *LA and school expenditure*

The most deprived local authorities need additional targeted funds

While the need to invest across the country in order to “reset” the care system has been established by the care review, it should be recognised that outcomes for children can be very different across the country. Therefore, different levels of resource are needed to support children in

²⁹ The independent review of children’s social care (2022b): [Recommendation annexes](#)

³⁰ We take the investment figure of £1,094m for year 9 and deflate using the assumed rate of 2% per year used in the review’s costing methodology document, see page 1 of Alma Economics (2022): [Costing and outline CBA of the Independent Review of Children’s Social Care recommendations: Modelling assumptions](#).

different areas. Levels of deprivation are a good – though not perfect – guide to where additionally-intensive resource might be needed. For instance, a recent study has shown that children in the most deprived 10% of small neighbourhoods in the UK are over 10 times more likely to be in care or on protection plans than children in the least deprived 10%.³¹ And deprivation is also linked to child abuse and neglect.³²

Yet these disparities can be overcome, and evidence shows that children's outcomes vary substantially between local authorities.³³ It follows that maximising the impact of investment into "Family Help" and other early intervention services would require additional funding in those areas where outcomes are likely to be the worst and where need is greatest. To achieve this, spending by deprivation level will need to be rebalanced.

For instance, between 2010-11 and 2020-21, total spending on children and young people's services fell by £241m in the most deprived local authorities (a 10% decrease), while it rose by £228m (13% increase) in the least deprived. Yet over the same period, the number of children in need rose by 12,865 in the most deprived local authorities (up 17%), compared with just 1,839 (up 3%) in the least.³⁴

³¹ Child Welfare Inequalities Project (2020): [*The child welfare inequalities project: final report*](#), University of Huddersfield

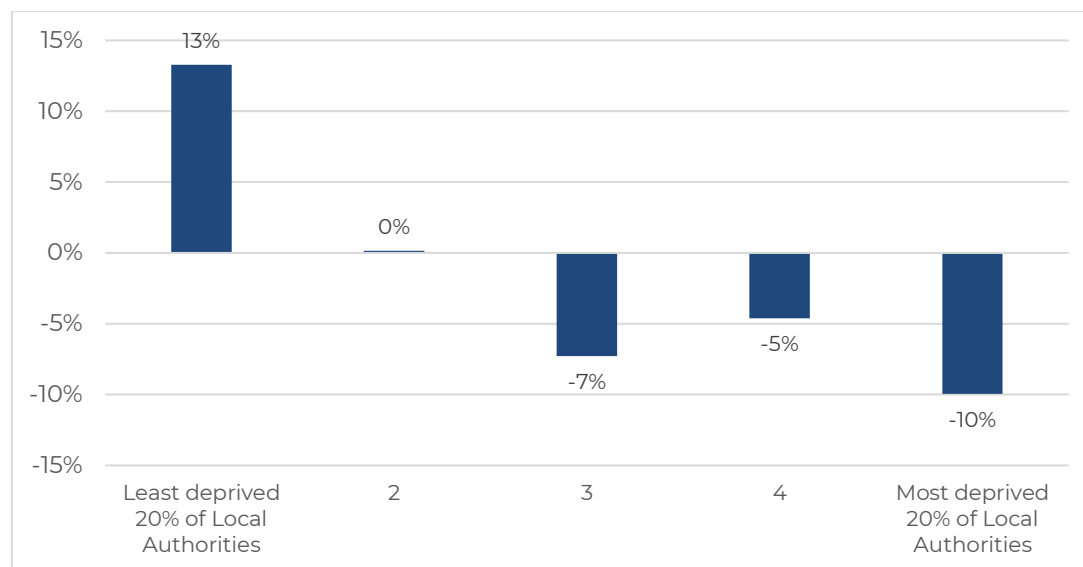
³² The independent review of children's social care (2022)

³³ The independent review of children's social care (2022)

³⁴ The number of Children in Need actually fell by 5,257 in the second least deprived quintile of Local Authorities.

Chart 7. Spending on children and young people's services fell in the most deprived local authorities and rose in the least deprived.

Change in spending on children's services (%) by deprivation level (2010-11 to 2020-21), real terms (2020-21 prices)

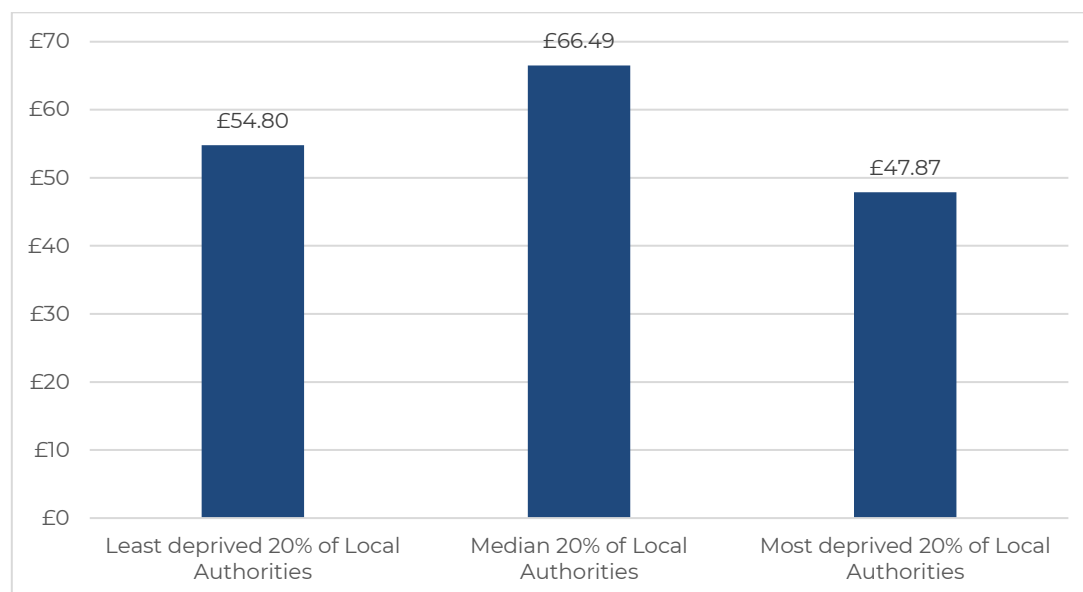


Source: PBE analysis of Department for Education (2021): *LA and school expenditure*

In this context, it is unsurprising to discover that the most deprived local authorities spent £6.93 less per young person (13% less) on "Family Help" in 2020-21 than the least deprived authorities, and approaching one third (28%) less than the median local authority group – with a spending gap of £18.62 per young person.

Chart 8. The most deprived local authorities receive less funding per child than most less deprived households despite having higher needs

'Family Help' spend per young person (£) 2020-21 by deprivation level



Source: PBE analysis of Department for Education (2021); *LA and school expenditure*

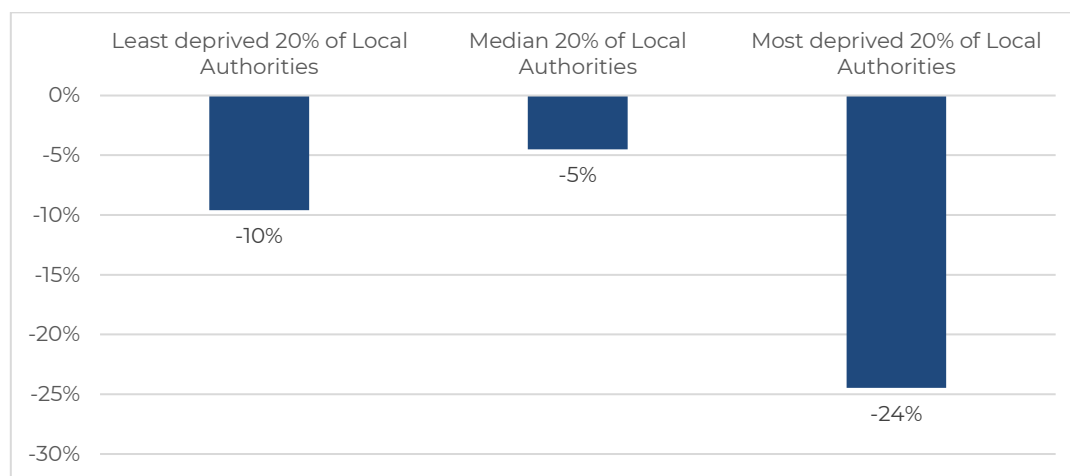
More alarmingly, it is the most deprived 20% of local authorities that have been most impacted by the decrease in "Family Help" spend since 2012. The least deprived local authorities have been able to protect their spending on "Family Help" to a greater extent since 2012, with reductions of just £5.81 per young person (9.6%), compared to £15.51 in the most deprived local authorities (24.5%).³⁵

As such, it is in the most deprived areas that the vicious spiral is reaching the most dangerous levels, as the children in most need of support are being disproportionately denied access to it before situations reach crisis point.

³⁵ Note that, historically, the least deprived local authorities have spent less on 'Family Help' services than their more deprived counterparts.

Chart 9. The most deprived local authorities have experienced the biggest reductions in "Family Help" support since 2012-13

Change (%) in "Family Help" spend per young person, 2012-13 to 2020-21



Source: PBE analysis of Department for Education (2021): *LA and school expenditure* and MHCLG (2019): *English indices of deprivation 2019*

The investment proposed by the Independent Review of Children's Social Care must be targeted towards those areas that have the greatest need. This will help to reverse these acute reductions in expenditure on early intervention services in the most disadvantaged areas.³⁶

Creating a more caring system

After the 11 years of increasing disparity between early and late intervention services for children and young people in England, the government needs to intervene if it is to stop the spiral of rising costs and poor outcomes for children. While change is coming slowly, and spending is starting to move in the right direction again – including with the recent welcome investments in Family Hubs – the figures suggest resources are not yet at the level required to meet the challenge.

The recent review of children's social care offers a costed model for doing so. That model prioritises supporting families, working early to prevent crisis from arising in the first place, and ultimately moving towards a more caring system for our vulnerable children and young people.

Following initial investment, a dedicated ringfenced grant would help lock-in these gains – ensuring that expenditure on early intervention services is

³⁶ It should be noted that the second least deprived quintile of local authorities faced similar reductions in spending per young person on 'Family Help' as the most deprived (23.6%). For this reason, while deprivation level should be one factor in deciding where to target investment, other considerations such as local need will also need to be taken into account.

protected from the day-to-day pressures of crisis management. And the knock-on effects of bringing down late intervention costs and improving children's outcomes are estimated to more than offset the long-term costs.³⁷

But where that investment is focused matters too. Our analysis shows that the most deprived local authorities – where outcomes for young people are already likely to be worse – are currently receiving less of the sort of funding that the care review calls for than the least deprived local authorities. These already-disadvantaged places have also borne the brunt of long-term cuts to this spending. And these inequalities are being exacerbated by the current market structure of the residential care system.³⁸

Only by ensuring that investment is targeted at those who need it most, through services that put positive outcomes for children and young people first, can government ensure that the spiral is stopped and children's services receive the radical reset that they desperately need.

³⁷ Independent Review of Children's Social Care (2022b)

³⁸ Competition & Markets Authority (2022)

Glossary

Children in need: A child in need is defined under the Children Act 1989 as a child who is unlikely to achieve or maintain a reasonable level of health or development, or whose health and development is likely to be significantly or further impaired, without the provision of services; or a child who is disabled. Children in need may be assessed under section 17 of the Children Act 1989 by a social worker (definition from the Working Together guidance).

Child in need plan: When the local authority children's social care unit decides to provide services, a multi-agency child in need plan should be developed which sets out which agencies will provide which services to the child and family. The plan should set clear measurable outcomes for the child and expectations for the parents. The plan should reflect the positive aspects of the family situation as well as the weaknesses.

Child protection plan: When a local authority identifies, following an assessment that a child is at risk of significant harm, they have a responsibility to put together a child protection plan for the child. The aim of the child protection plan is to: ensure the child is safe from harm and prevent him or her from suffering further harm; promote the child's health and development; and support the family and wider family members to safeguard and promote the welfare of their child (provided it is in the best interests of the child).

Early intervention: Identifying and providing support as early as possible to children, young people and their families where a child is at risk of poor outcomes or harm in order to prevent the problems getting worse and becoming acute. Early intervention services may comprise non- statutory early help services, as well as some support provided as part of a statutory response to children in need.

Family Help: A new, single category of support proposed by the Independent Review of Children's Social Care defined as the support that aims to improve children's lives through supporting the family unit and strengthening family relationships, to enable children to thrive and keep families together, helping them to provide the safe, nurturing environments that children need. The report advocates that Family Help should be available to any family facing significant challenges that could pose a threat to providing their child with a loving, stable, safe family life. This ranges from families who currently receive targeted early help to those who are on a child in need or child protection plan. The report differentiates between safeguarding and non-safeguarding needs of families, with the

Family Help focused on non-safeguarding support for families. Throughout this report we use current spending data for "targeted services for young people", "universal family support" and "targeted family support" as indicative proxies for this Family Help activity.

Intensive interventions: An assertive, persistent and supportive approach to addressing complex issues facing the family and/or young person.

Late intervention: The statutory response provided when children, young people and families experience significant acute difficulties or harms. The statutory response includes a child being made subject to a child in need plan, a child protection plan or becoming a looked-after child, and associated support to safeguard and promote their welfare.

Looked-after children: A child placed in the care of a local authority by a court order or accommodated by a local authority under Section 20 of the Children Act 1989. This category also includes young people detained in a remand centre or other custodial institution, or in a hospital. Throughout this report when we refer to a cost "per looked-after child" we have divided the cost by the reported number of looked -after children in the geographic area.

Prevention services: Providing support to children and families to prevent problems arising in their lives and ensure that children and families thrive.

Safeguarding and promoting the welfare of children: The Government's Working Together to Safeguard Children guidance defines safeguarding and promoting the welfare of children as: a) Protecting children from maltreatment. b) Preventing impairment of children's mental and physical health or development. c) Ensuring that children are growing up in circumstances consistent with the provision of safe and effective care. d) Taking action to enable all children to have the best outcomes.

Targeted services for young people: Services focused on supporting early intervention for vulnerable young people, including but not limited to those at risk of teenage pregnancy, substance misuse, youth crime and not being in education, employment or training.

Young person: This term is used to describe any individual aged 0-25. Throughout this report when we refer to a cost "per young person" we have divided the cost by the ONS population estimate of 0-25 year olds for the relevant geographic area.

Youth services: Services focused on working with young people in a universal or targeted way.

Annex A – Further data and information on funding and spending for children’s services

Methodology

This report provides analysis of local authority spending on services for children and young people. It is based on analysis of data supplied by local authorities in their S251 returns provided to the Department for Education (DfE), as part of their statutory duty under the Apprenticeships, Skills, Children and Learning Act 2009 to publish their budget statements.

For the purposes of analysis the budget items from S251 returns have been selected and grouped into categories of ‘early intervention’ and ‘late intervention’ based on the broad guidance description of funding lines and based on our direct experiences of services funded on the ground.³⁹ For the purposes of this analysis, early intervention is defined as identifying and providing support as early as possible to children, young people and their families where a child is at risk of poor outcomes or risk of harm to prevent the problems getting worse and becoming acute. Early intervention services may comprise non-statutory early help services, as well as some support provided as part of a statutory response to children in need. Late intervention is understood as the statutory response provided when children, young people and families experience significant acute difficulties or harms. The statutory response includes a child being made subject to a child in need plan, child protection plan or becoming a looked-after child, and associated support to safeguard and promote their welfare.

The following budget lines from a S251 return were included in the analysis under these categories:

Table A1. Summary of spending categories used in the report

Early intervention	Late intervention
Total Sure Start (3.0.5)	Total safeguarding children services (3.3.4)
Total Family Support Services (3.4.6)	Youth Justice (3.6.1)
Total Services for Young People (3.5.3)	Total looked after children (3.11)

It is important to note that the numbers in this report and those from the Independent Review of Children’s Social Care are not directly comparable due to differences in methodologies and definitions used for analysis.

³⁹ See Education & Skills Funding Agency (2022): [Section 251 budget guidance](#).

Additional spending data

Table A2. Spending on children's services by region, £bn, 2020-21 prices

	2010-11	2020-21	Difference 2010-11 – 2020-21	Difference as a %
East Midlands	0.76	0.79	0.03	3%
East of England	1.03	0.93	-0.10	-10%
London	2.14	1.87	-0.27	-13%
North East	0.60	0.56	-0.04	-7%
North West	1.49	1.46	-0.03	-2%
South East	1.31	1.46	0.15	11%
South West	0.81	0.96	0.16	19%
West Midlands	1.14	1.10	-0.04	-3%
Yorkshire and the Humber	1.13	1.03	-0.09	-8%
England	10.41	10.17	-0.25	-2%

Source: PBE analysis of Department for Education (2021): *LA and school expenditure*

Table A3. Number of children in need, looked-after children and young people in England, 000s

	2010-11	2020-21	Difference 2010-11 – 2020-21	Difference as a %
Looked-after children	64.5	80.0	15.5	24.1%
Children in need	376.0	388.5	12.5	3.3%
All young people (aged 0-25)	16,910.1	17,528.0	617.9	3.7%

Source: Department for Education (2021): *Statistics: children in need and child protection*, Department for Education (2022): *Statistics: Looked-after children* and Nomis (2022): *Population estimates – local authority based by single year of age*

Table A4. Spending on children's services per young person by region, £, 2020-21 prices

	2010-11	2020-21	Difference 2010-11 - 2020-21	Difference as a %
East Midlands	530	524	-6	-1%
East of England	571	491	-79	-14%
London	780	638	-141	-18%
North East	735	690	-45	-6%
North West	657	637	-20	-3%
South East	487	520	32	7%
South West	511	589	78	15%
West Midlands	621	576	-45	-7%
Yorkshire and the Humber	654	593	-61	-9%
England	616	580	-36	-6%

Source: PBE analysis of Department for Education (2021): *LA and school expenditure* and Nomis (2022): *Population estimates – local authority based by single year of age*

Table A5. Total spending on children's services per young person by deprivation of local authority, £, 2020-21 prices

Deprivation quintile	2010-11	2020-21	Difference 2010-11 - 2020-21	Difference as a %
Least deprived local authorities	464	505	40	9%
2	532	519	-13	-2%
3	671	603	-68	-10%
4	701	647	-54	-8%
Most deprived local authorities	785	672	-113	-14%

Source: PBE analysis of Department for Education (2021): *LA and school expenditure*, MHCLG (2019): *English indices of deprivation 2019* and Nomis (2022): *Population estimates – local authority based by single year of age*

Table A6. Early intervention spending on children's services per young person by deprivation of local authority, £, 2020-21 prices

Deprivation quintile	2010-11	2020-21	Difference 2010-11 – 2020-21	Difference as a %
Least deprived local authorities	162	99	-63	-39%
2	182	89	-92	-51%
3	249	126	-123	-49%
4	256	120	-136	-53%
Most deprived local authorities	294	113	-181	-61%

Source: PBE analysis of Department for Education (2021): LA and school expenditure, MHCLG (2019): *English indices of deprivation 2019* and Nomis (2022): *Population estimates – local authority based by single year of age*

Table A7. Late intervention spending on children's services per young person by deprivation of local authority, £, 2020-21 prices

Deprivation quintile	2010-11	2020-21	Difference 2010-11 – 2020-21	Difference as a %
Least deprived local authorities	268	402	133	50%
2	314	422	109	35%
3	382	468	86	23%
4	402	522	120	30%
Most deprived local authorities	445	557	111	25%

Source: PBE analysis of Department for Education (2021): LA and school expenditure, MHCLG (2019): *English indices of deprivation 2019* and Nomis (2022): *Population estimates – local authority based by single year of age*

Table A8. Number of looked-after children by deprivation of local authority

Deprivation quintile	2010-11	2020-21	Difference 2010-11 – 2020-21	Difference as a %
Least deprived local authorities	68,706	70,545	1,839	3%
2	95,509	90,252	-5,257	-6%
3	72,337	72,272	-65	0%
4	63,757	66,847	3,090	5%
Most deprived local authorities	75,710	88,575	12,865	17%

Source: PBE analysis of Department for Education (2022): Statistics: looked-after children, MHCLG (2019): *English indices of deprivation 2019*

Table A9. Breakdown of children's services spending, £bn, 2020-21 prices

		2010-11	2020-21	Difference 2010-11 - 2020-21	Difference as a %
Early Intervention	Children's Centres	1.5	0.4	-1.1	-71%
	Family support services	1.0	1.1	0.2	17%
	Services for young people	1.3	0.3	-0.9	-74%
	Total	3.8	1.9	-1.9	-50%
Late intervention	Youth justice	0.3	0.2	-0.2	-55%
	Looked after children	3.6	5.3	1.7	48%
	Safeguarding	2.1	2.7	0.6	31%
	Total	6.0	8.2	2.2	37%
Disability services		0.4	0.4	0.0	1%

Source: Department for Education (2021); *LA and school expenditure*

Table A10. The 10 local authorities with the biggest reductions in early intervention spending between 2010-11 and 2020-21

1. Isles Of Scilly	-94%
2. Stoke-on-Trent	-85%
3. Walsall	-83%
4. Nottingham	-83%
5. Bury	-80%
6. Medway	-80%
7. Northamptonshire	-78%
8. Sunderland	-77%
9. Manchester	-76%
10. Derbyshire	-76%

Source: Department for Education (2021): *LA and school expenditure*

Table A11. The 10 local authorities with the biggest increases (or smallest reductions) in early intervention spending between 2010-11 and 2020-21

1. Cambridgeshire	167%
2. Salford	152%
3. Wiltshire	53%
4. Peterborough	49%
5. Oldham	26%
6. Croydon	21%
7. Camden	3%
8. Buckinghamshire	1%
9. Surrey	-3%
10. East Sussex	-10%

Source: Department for Education (2021): *LA and school expenditure*

Funding

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 ringfenced funding. There might also be 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, ringfenced funding. However, the creation of a new Early Intervention Grant (EIG) in 2010 replaced a number of different funding streams with one, single non-ringfenced allocation. 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 Department of Levelling Up, Housing and Communities.⁴⁰

In the absence of comparable funding data for all aspects of spending on children's services, we have instead developed a modelled estimate of the total funding available. One way of modelling indicative 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. Indicative funding levels for other years may then be modelled by assuming that it moves in line with total core funding for each local authority.⁴¹ In this report, we have 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 may have limited the resources available for local authorities. Table A10 shows how this indicative allocation has changed over time. Between 2010-11 and 2020-21, our modelled estimate of funding available for these services has fallen by 22% from £10.4bn to £8.1bn in real terms. This suggests that the funding gap has reached 25% of spending in 2020-21.

⁴⁰ At the time the department was called Ministry of Housing, Communities and Local Government.

⁴¹ This effectively assumes that the proportion of spending power available for children and young people's services remains consistent over time.

Table A12. Total children's services funding and spending, £bn, 2020-21 prices

	2010-11	2020-21
Total funding	10.4	8.1
Total spending	10.4	10.2
Funding gap	0.0	2.0
(as a%)	0%	25%

Source: Department for Education (2021); *LA and school expenditure*



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