

Local Government Association briefing

Children's services funding

May 2018



Introduction

Children's services funding is due to be discussed during oral questions. The amount of money local authorities receive and spend on children's services has been debated frequently. This briefing sets out the LGA's key messages on the subject and our analysis of council revenue account budgets.

Key messages

- The National Audit Office has found that local government funding has been cut by 50 per cent in real terms since 2010. The LGA has calculated that children's services are facing a funding gap of around £2 billion by 2020 just to maintain services at their current level.
- Although local authority spending on children's social care has increased, it is not keeping pace with the increase in demand, which has increased dramatically in recent years. On average, 90 children entered care every day last year, the largest annual increase in care numbers since 2010. Over the past decade, the number of children on child protection plans has increased by 83 per cent.
- It has been suggested that local government had "more than £200 billion between 2015/16 and 2019/20" to spend on children's services. This is misleading as it is the amount local government had to spend in total on the 800 different services it delivers, including spending £79 billion on adult social care which is also facing significant funding pressure. We estimate at least £12 billion more is needed over this period for all local public services to meet the funding shortfall, in addition to the £5 billion pressure to stabilise the adult social care provider market.

Further information

Children's services funding pressure

The National Audit Office has found that local government funding has been cut by 50 per cent in real terms since 2010.ⁱ The LGA has calculated that children's services are facing a funding gap of around £2 billion by 2020 just to maintain services at their current level.ⁱⁱ

Councils have worked hard to protect budgets for essential child protection services, but funding pressures have led to difficult decisions elsewhere, often leaving children and young people unable to access support until they reach crisis point. Government funding for the Early Intervention Grant has been cut by almost £500 million since 2013. It is projected to drop by a further £183 million by 2020.ⁱⁱⁱ

Rising demand

Although local authority spending on children's social care has increased, it is not keeping pace with the increase in demand. The Department for Education's figures show there were 72,670 children in care in England on 31 March 2017.^{iv}

Briefing

Demand for children's services has increased dramatically in recent years. On average, 90 children entered care every day last year, which also saw the largest annual increase in care numbers since 2010. Over the past decade, the number of children on child protection plans has increased by 83 per cent.^v

Wider funding gap

It has been suggested that local government had "more than £200 billion between 2015/16 and 2019/20" to spend on these services.^{vi} This is misleading as it is the amount local government had to spend in total on the 800 different services it delivers, including adult social care which is also facing significant funding pressure.

In that period councils will have had to spend £79 billion on adult social care, £2 billion on temporary accommodation and housing support and £600 million on paying the Apprenticeship Levy, as well as £58 billion on children's social care. That is before even considering the need to provide five years' worth of services such as planning, parks, libraries, roads maintenance, waste collection and disposal. We estimate at least £12 billion more is needed over this period for all local public services to meet the funding shortfall, in addition to the £5 billion pressure to stabilise the adult social care provider market.

ⁱ NAO, *Financial Sustainability of Local Authorities* <https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainability-of-local-authorities-2018-Summary.pdf>

ⁱⁱ LGA, *Bright Futures*, <https://www.local.gov.uk/sites/default/files/documents/>

ⁱⁱⁱ LGA, *Bright Futures*, <https://www.local.gov.uk/sites/default/files/documents/>

^{iv} Department for Children, Schools and Families, *Children looked after in England, year ending 31 March 2007*

<http://webarchive.nationalarchives.gov.uk/20130411084519/https://www.education.gov.uk/research-and-statistics/statistics/statistics-by-topic/childrenandfamilies/a00195573/dcsf-children-looked-after-in-england>

^v Department for Education, *Children looked after in England, year ending 31 March 2017* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664995/SFR50_2017-Children_looked_after_in_England.pdf

^{vi} Written question HL4305 <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2017-12-19/HL4305/>;

Written question HL5567 <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2018-02-20/HL5567>