

CCN

A n a l y s i s

# Children's Services Funding & Early Intervention



**May 2020**

## INTRODUCTION

Over recent years the challenges facing local government funding have risen to the fore of national discussion over their impact on the future delivery of social care services in England. While this has predominantly been driven by severe pressures in the Adult Social Care (ASC) system, more recently it is the plight of Children's Social Care (CSC) services that have begun to preoccupy the minds of local authority politicians, professionals, and policy makers.

Last year, ahead of the Spending Round, the County Councils Network (CCN) clearly outlined the present fiscal challenges for local authorities for ASC in its report *Adult Social Care Funding and the Spending Review [1]*. In particular, this research focused on the reliance of local authorities on temporary grants to prop up funding for ASC services.

Now CCN has conducted a similar study looking at the funding of children services. The findings have confirmed what our members have been telling us over the past couple of years – that CSC should be equally occupying the minds of Ministers as we head towards the forthcoming Spending Review.

Without a similar series of in-year grants and top-up funding to keep the system afloat, akin to those provided for adults, local authorities have largely been left to address a shortfall in children's funding caused by increased demand from within their own budgets.

This report shows how councils have met their statutory duties around children's social care by diverting funding that would previously have been spent on preventative services. This has made economic and political sense in the short term, providing vital flex in the system to cope with fluctuating demand.

However, in the longer term it is now becoming clear that the gradual erosion of services designed to help children and their families deal with low-level issues (preventing them evolving into larger more expensive problems) may have created a vicious cycle which CCN Member Authorities believe is now feeding the increasing demand for statutory services.

Government is not unaware of the importance of preventative work in social care. A decade ago a report by Graham Allen MP, endorsed by all three main party leaders at the time, advocated on a cross party basis for 'early intervention' to be adopted by the state as a principle for both improving individual lives whilst saving public money.

For early intervention to work it cannot be piecemeal but needs to be imbued across communities – sometimes referred to as 'building community resilience'. No single body is better placed to effect such a change than the local authority. But as the evidence from this report shows, without new approaches to the resourcing and delivery of children's services, local authorities will be left to firefight the problems without being able to tackle their root causes – particularly county authorities, which face greater degrees of under-funding in children's services compared to other types of council.

This report brings new analysis of the funding and expenditure trends in children's services through the last five years together, alongside a survey of CCN Member Authorities' views on how they believe an early intervention approach might make the maximum impact for local children and families. Using this data, the report considers some of the challenges policy makers continue to face around funding and incentivising preventative spending.

It goes on to make recommendations for how children's services might be reconfigured during the 2020s to ensure that councils aren't just mopping up the consequences of the problems experienced by our most vulnerable children and families as they spin out of control, but are also able to put the measures in place which can stop small problems spilling over into crises in the first place.

The analysis contained in this report was undertaken before the beginning of the current Coronavirus pandemic began and subsequently does not seek to address the additional challenges created in children's social care due to Coronavirus. An accompanying summary '**Recovering from COVID-19 - Supporting Children's & Families**' places this report's findings in the context of the immediate and on-going issues as a result of the pandemic. The summary can be downloaded from CCN's website.

## METHODOLOGY

The data used in this analysis has been drawn from four specific sources, alongside national data analysis where specifically referenced:

- Funding for Children's Social Care (CSC) is based on analysis undertaken for County Councils Network (CCN) by LG futures. Section 1 provides an overview of the methodology for this analysis, with further details in Appendix A. LG Futures only provided the methodology and calculations for CCN. All interpretations of data and views presented in this document are those of CCN, not LG Futures.
- Expenditure data is also based on analysis undertaken by LG Futures. Section 2 provides an overview of the methodology for the analysis, with further details in Appendix A. LG Futures only provided the methodology and calculations for CCN. All interpretations of data and views presented in this document are those of CCN, not LG Futures.
- Data for estimates on council 'spending needs' are drawn from a recent report by PwC for CCN. The full technical report for this research, including modelling methodology and full spending need analysis, can be downloaded from the County Councils Network website [\[2\]](#).
- CCN surveyed its 36 member authorities to gain their views on how their budgeting has affected early intervention spending; the impact of the Troubled Families Programme; and what they would recommend should be the priorities/methods for funding early intervention spending going forward. The survey received a response rate of 64%, representing 23 authorities.

## EXECUTIVE SUMMARY

### OVERVIEW

This report sets out evidence demonstrating the increasing pressure that has been placed on local authority children's services since 2015/16. Funding has been significantly reduced by over a quarter across England, whilst spending has still been increasing driven by rising demand, particularly for statutory services. These challenges facing Children's Social Care, if unchecked, threaten the ability of local authorities to deliver vital services for the most vulnerable children going forward. CCN Member Authorities especially are facing difficulties with cuts of over one third to the Total Core Grant Funding they receive that is nominally allocated to Children's Social Care (more than any other type of authority). At the same time demand has been steadily increasing along with associated spending requirements – a trend which is estimated to continue across the new decade.

Despite having until now received less attention in public debate, the pressures on Children's Social Care are arguably now greater than those for adults. Whilst budgetary stress in Adult Social Care has been mitigated in recent years by Temporary Grant Funding, which has helped keep the system afloat, in Children's Social Care the quantum of equivalent temporary funding has been twenty times less.

Instead local authorities have sought to meet the rising demand for statutory children's services by scaling back their spending on preventative services – often referred to in policy terms as 'early intervention'. These are the very services which are designed to address problems for children and families at an early stage to stem the flow of vulnerable children into the statutory child protection system later when their problems are usually far more complex, entrenched, and expensive to tackle.

In response, CCN calls on the new Government to prioritise children in the forthcoming Spending Review by agreeing a long-term settlement for CSC to allow local authorities to strategically plan and deliver services across the course of the new Parliament. Additionally, CCN calls on the Government to develop a National Framework for Early Intervention to co-ordinate investment in 'social infrastructure' across a wider menu of preventative services.

### KEY FINDINGS 1: Funding of Children's Services - 2015/16 to 2019/20

The key finding of this analysis is that the amount of Total Core Grant Funding (TCGF) allocated for Children's Social Care - in plain terms, the proportion of money provided by central government to local government in direct funding nominally to fund children's services - has declined precipitously over the past four years. All types of local authority have been hit by this decline, but some have fared worse than others. CCN Member Councils have been particularly badly hit losing nearly £391m (39.5%) of their funding in this time - substantially more than any other type of authority and nearly double the proportionate reductions felt by London Boroughs.

## Total Core Grant Funding for Children's Social Care (w/o Temporary Grant Funding) 2015/16 - 2019/20

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	989.13	853.33	733.16	653.33	598.28	-390.85	-39.51%
<b>Non-CCN Unitaries</b>	586.44	527.17	472.94	439.62	413.12	-173.31	-29.55%
<b>Metropolitan Boroughs</b>	904.65	818.32	744.93	702.22	664.42	-240.22	-26.55%
<b>Inner London Boroughs</b>	375.59	349.08	322.55	305.27	291.88	-83.71	-22.29%
<b>Outer London Boroughs</b>	417.66	378.74	341.10	316.34	297.98	-119.69	-28.66%
<b>ENGLAND</b>	3,273.46	2,926.63	2,614.68	2,416.78	2,265.68	-1,007.78	-32.52%

In order to supplement reductions to Total Core Grant Funding, the Government has provided various streams of Temporary Grant Funding to local authorities including for Adults & Children's Social Care - the total amounts are set out in the table below. The amount of Temporary Grant Funding directed towards ASC over the period covered by this report dwarfs the commensurate amount that has been provided to CSC – more than 20 times higher across the whole of England in total. The disparity in Temporary Grant Funding between the two services has only recently been partially rectified by the Social Care Grant 2019/20 which offered councils the flexibility for it to be used across both ASC and CSC.

## Comparison of Temporary Grant Funding between Children's and Adults Social Care

	Children's Social Care (£/m)	Adult Social Care (£/m)
<b>CCN Member Councils</b>	36.56	933.57
<b>Non-CCN Unitaries</b>	17.35	392.06
<b>Metropolitan Boroughs</b>	25.26	689.49
<b>Inner London Boroughs</b>	9.13	189.23
<b>Outer London Boroughs</b>	12.27	187.72
<b>ENGLAND</b>	101.02	2,392.06

The uplift provided by Temporary Grant Funding has been marginal for Children's Social Care - merely reducing the 39.5% decline in Total Core Grant Funding to just under 36% in CCN Member Authorities over the past five years. Overall across England the amount of funding lost in this time comes down from just under a third, but still remains well above a quarter (figures for all types of authority are included on page in the report).

## Total Funding (with Temporary Grant Funding) for Children's Social Care 2015/16 - 2019/20

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	989.13	853.33	733.16	653.34	634.84	-354.29	-35.82%
<b>Non-CCN Unitaries</b>	586.44	527.17	472.94	439.62	430.48	-155.96	-26.59%
<b>Metropolitan Boroughs</b>	904.65	818.32	744.93	702.22	673.55	-231.10	-25.55%
<b>Inner London Boroughs</b>	375.59	349.08	322.55	305.27	304.15	-71.44	-19.02%
<b>Outer London Boroughs</b>	417.66	378.74	341.10	316.34	323.24	-94.42	-22.61%
<b>ENGLAND</b>	3,273.46	2,926.63	2,614.68	2,416.78	2,366.70	-906.76	-27.70%

This study does recognise other pots of funding outside of Formula Funding have been made available to local authorities to support CSC during the period covered by this analysis - the Troubled Families programme and Children's Social Care Innovation Funding for instance. However, as such funding has not been made available to all local authorities, but usually allocated for specific pieces of work or on a payment-by-results basis, it cannot be considered as part of core funding to deliver services within CSC.

## KEY FINDINGS 2: Demand for Children's Services - 2015/16 to 2019/20

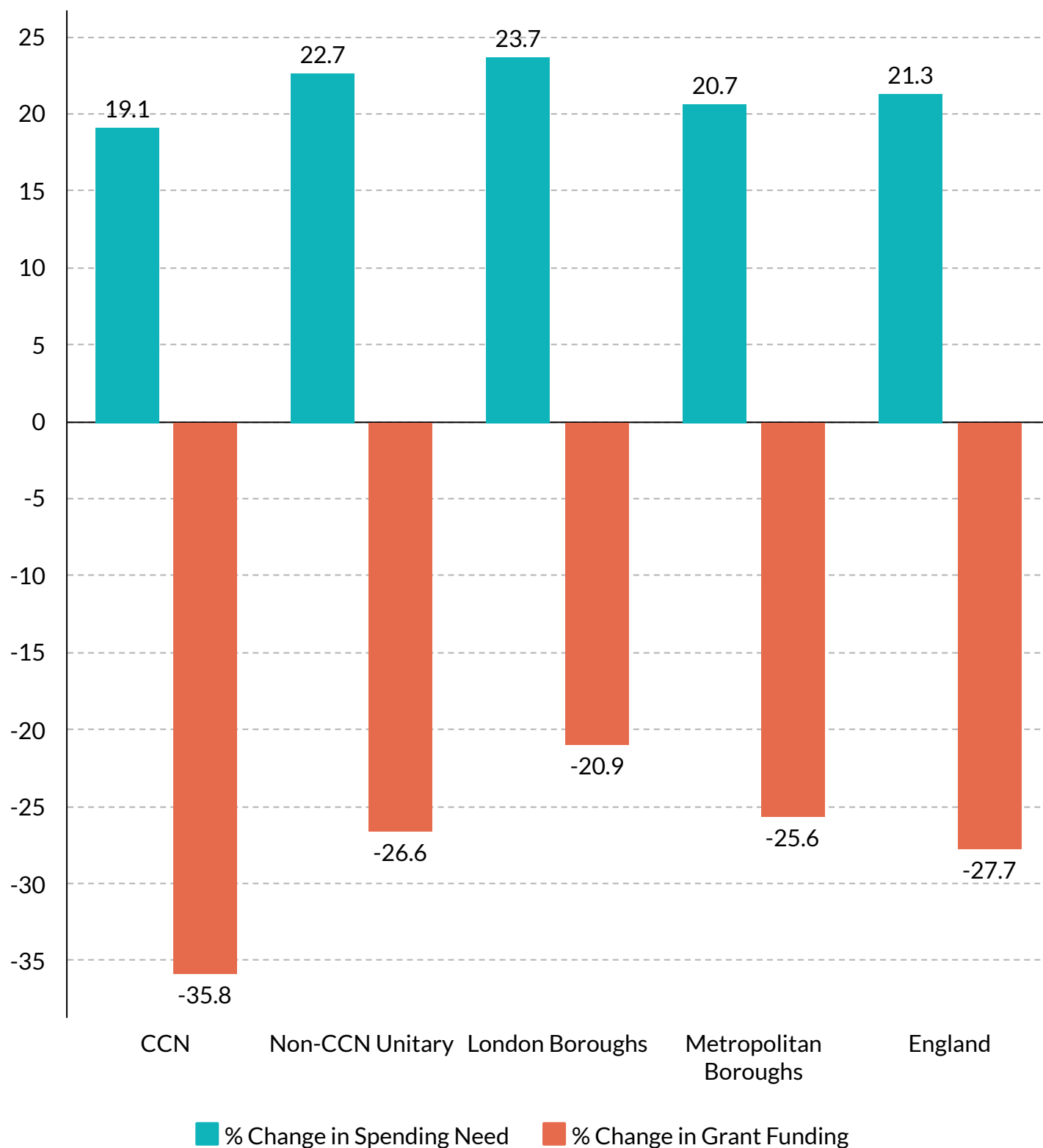
In May 2019, CCN published an *Independent Review of Local Government Spending Need and Funding [3]*.

The central part of this modelling focused on calculating Estimated Spending Need in different types of council for various services, including Children's Social Care shown below:

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	3,123	3,119	3,297	3,594	3,720	597	19.12%
<b>Non-CCN Unitaries</b>	1,627	1,708	1,762	1,926	1,997	370	22.74%
<b>Metropolitan Boroughs</b>	1,446	1,481	1,532	1,667	1,746	300	20.79%
<b>London Boroughs</b>	2,106	2,230	2,303	2,511	2,605	499	23.69%

This Estimated Spending Need can then be plotted on a chart against the previously identified funding reductions to show the combined effect of increasing demand and declining resources in different types of local authority. The paper terms this 'divergence'.

## 'Divergence' of Estimated Spending Need and Total Funding for *Children's Social Care*

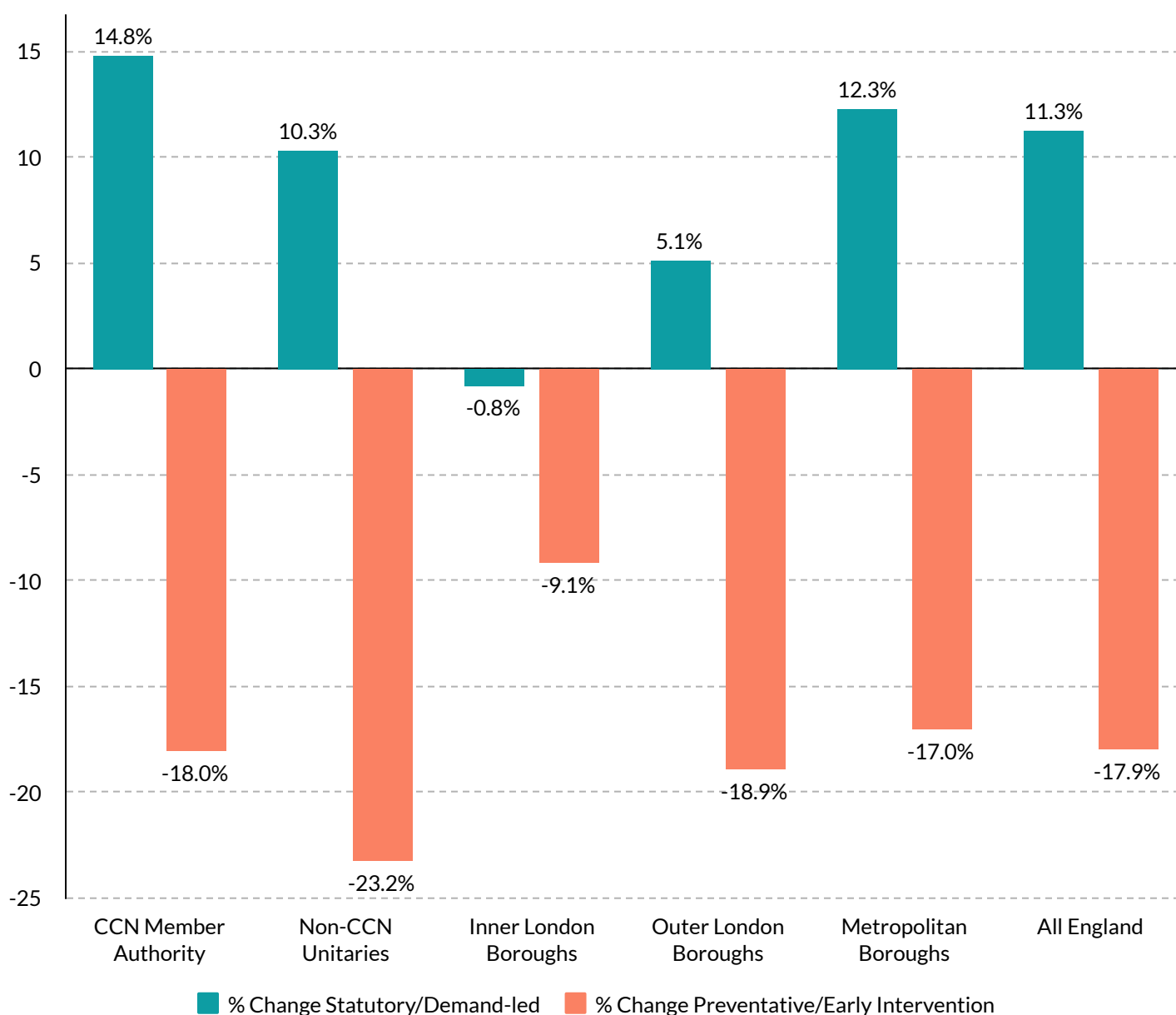


The divergence in CCN Member Councils – comprising an increase in Estimated Spending Need of 19.1% and a reduction in total funding for children's services of 35.8% – is larger than any other type of authority.



**KEY FINDINGS 3: Spending Trends in Children's Services 2015/16 - 2019/20**

A sharp rise in demand occurring in tandem with a decrease in funding has meant local authorities have been forced into tough choices over which services they should prioritise. The analysis uses Section 251 returns to determine the changes that have taken place since 2015/16 regarding spending on Statutory/Demand-led services (such as those for children being taken into care) compared to Prevention/Early Intervention services (such as Sure Start children's centres or youth clubs).

**Overall change between Statutory/Demand-led and Preventative/Early Intervention Spending in Children's Social Care 2015/16 - 2019/20**

The graph shows conclusively that whilst spending on services which meet immediate statutory need have risen in most types of council, in order to help address the increasing demand for this provision there have at the same time, been significant reductions to other services which are more preventative in nature.

### KEY FINDINGS 4: CCN Member Survey

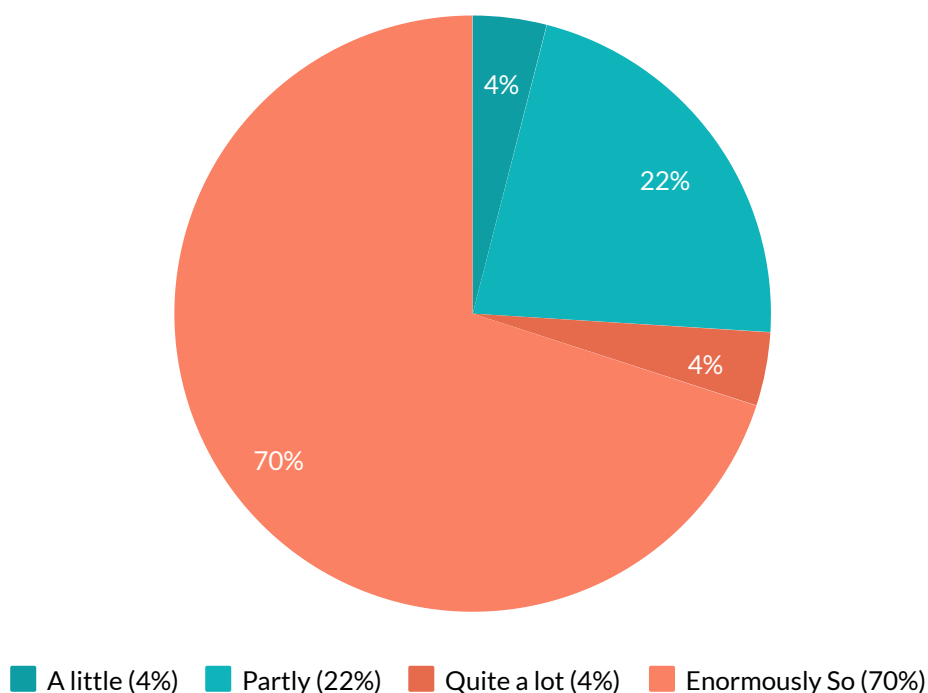
In light of the findings of the data analysis in the previous sections, CCN surveyed its member authorities to gain a better qualitative picture of what this meant for individual councils on the ground. The survey gathered views on three key areas:

- How pressure on CSC budgets has affected early intervention spending over the past five years;
- The impact of the Troubled Families Programme; and
- What structures of funding and distribution would best help county authorities prioritise early intervention spending going forward.

The findings of the survey suggested the experience of most CCN Member Authorities supported the empirical data in that the vast majority believed they had reduced early intervention spending since 2015/16 – often significantly so by up to 50%. Over three quarters of councils responding believed that rising demand for statutory services – such as taking children into care – was being driven, at least in part, by reductions to early intervention. However, there was no clear agreement on whether, conversely, rising demand was driving reductions to early intervention.

The Troubled Families programme was seen by a majority of respondents as having been vital to protecting LA spending on early intervention – as shown in the pie chart below.

**Do you feel the Troubled Families Programme has helped to protect your local authority's spending on services which could be described as Preventative/Early Intervention?**



As such, 86% of respondents believed the Troubled Families programme should be renewed in some form in the Spending Review, but it was also felt overwhelmingly that the name should be changed to something less stigmatising and more inclusive. There was also a feeling that the levels of bureaucracy and reporting around the programme should be scaled back – whilst this was necessary earlier on, it did not seem as relevant now that local authorities had proven they could use the resources highly effectively as shown in the evaluation findings. As one respondent put it:

***“I am trusted with £200m investment in [my authority] but have to go through PBR for £1.5m from Troubled Families which seems an awful lot of unnecessary work for everyone involved.”***

Finally the survey asked local authorities to consider what proportion of their budgets they were currently spending on early intervention compared to what they felt would be the ideal level. It appears that at present the majority are spending in the region of 10-25% of their CSC on preventative services whilst nearly two-thirds would ideally prefer to allocate at least 25-50%, recognising this is not possible with the levels of demand squeezing their funding.

## RECOMMENDATIONS

### RECOMMENDATION 1:

#### ***Provide a long-term funding settlement for Children's Social Care***

In ASC the Government has consistently reiterated its commitment to a long-term funding solution which is widely anticipated will be set out later this year. It is vital that a similar long-term settlement for CSC funding is seen as a priority by the Government in the Spending Review so that LAs can plan effectively for the course of the Parliament.

### RECOMMENDATION 2:

#### ***Level up funding in County areas***

Alongside the Government's Fair Funding Review any long-term settlement for CSC funding must take into account the increased proportion of cuts which have already fallen upon CCN Member Authorities in recent years and ensure that this inequity is remedied going forward.

### RECOMMENDATION 3:

#### ***Create a National Framework for Early Intervention to direct Social Infrastructure investment to local authorities***

The Government should devote a new expanded pot of central funding to support a National Framework for Early Intervention to help incentivise investment across a full range of preventative services and approaches. This should be actively promoted as investment in 'Social Infrastructure' designed to help children and young people reach their full potential and help Britain to thrive and grow in the future.

**RECOMMENDATION 4:**

***Develop a cross-departmental model led by the Department for Education to oversee the delivery of central funding for early intervention***

Administration of a National Framework for Early Intervention should be primarily focussed on the needs of children and families and what helps them to thrive. The Government should develop a cross-departmental model led by the Department for Education and including the input of the Early Intervention Foundation in order to oversee the delivery of central funding supporting a National Framework.

**RECOMMENDATION 5:**

***Rename and rebrand the Troubled Families Programme***

In 2019 the Government indicated that the name of 'Troubled Families' could be changed to make the programme less stigmatising and more inclusive [4]. In the new National Framework for Early Framework should ensure it uses positive language such as 'strengthening' or 'supporting' families to better articulate the aims of preventative approaches and ensure services are inclusive and non-stigmatising.

## SECTION 1:

### ANALYSIS OF CHILDREN'S SERVICES FUNDING 2015-2020

#### INTRODUCTION

The growing challenge of funding Children's Social Care (CSC) services in England has increasingly come under the national spotlight recently. While it is widely acknowledged that funding has been reduced, since changes to the local government finance system in 2013/14 it has been increasingly difficult to identify how much of local government's core grants are intended to fund children's services in England. The funding of CSC has been buried in a complex and opaque system of different formulae and grants, alongside an overall shift in the way councils are funded, with direct grant funding for children significantly reduced and councils expected to fund more services from local revenues such as council tax.

For Adult Social Care (ASC) the Government has responded to concerns over the sustainability of services by introducing an array of 'one off' and temporary funding streams, including the Improved Better Care Fund (iBCF); several 'social care support grants'; and the 'social care precept'. However, it is only in the last financial year the Government sought to act on similar and growing concerns over equivalent funding for CSC, by allowing councils the 'flexibility' to invest the additional social care grants of £410m on either ASC or CSC. The recent news that this approach will be extended during the present Spending 'Roll Forward' period in 2020/21 with the 'rolled forward' grant funding and the additional £1bn allocated for social care available to fund both ASC & CSC.

However, whilst this has been a move welcomed by councils as a means to protect CSC in the short term while the new Government finds its feet, it can only be seen as a temporary sticking plaster. As the analysis in this paper shows the need for the Government to set out their long-term plan for funding of children's services in the forthcoming Spending Review is just as urgent as more widely discussed public concern around social care for adults.

This analysis here covers the period 2015/16 to 2019/20 and uses figures provided by LG Futures for CCN. Firstly it breaks down the two main streams in Core Spending Power that make up Total Core Grant Funding (TCGF) for children's services – Formula Funding and Other Grant Funding. These elements are brought together to determine the amount of TCGF that is accessible to councils.

#### THE TWO ELEMENTS OF CORE SPENDING POWER FOR CHILDREN'S SOCIAL CARE

The analysis involved isolating the two elements of funding within Core Spending Power (CSP) – Formula Funding and Other Grant Funding – and estimating the share of each element that could reasonably be attributed to CSC. The first step was to assess the value of the original funding streams that made up the CSP over the period 2015/16 to 2019/20. This involved disaggregating the Settlement Funding Assessment (SFA) into its original grants, which are no longer separately identified in the figures published by Ministry of Housing Communities and Local Government (MHCLG).

The second step was to assume what the share of each funding stream would reasonably be attributable to CSC. A key assumption here was the method used to estimate the value of funding for these services that was originally included within Formula Funding as it was allocated in 2013/14. A number of approaches could have been used, as MHCLG does not draw a clear link between an authority's assessed needs and its final funding. The approach employed here was relatively sophisticated, taking into account the use of 'thresholds' in MHCLG's model, but arguably, there is no definitive method that should be used. Further details on the method, and its limitations, are provided in Appendix 1. All the figures presented are expressed in cash terms and exclude the effects of inflation.

## (i) Formula Funding for Children's Social Care

Table 1 below shows the estimated levels of total Formula Funding for each type of council for the years 2015/16 to 2019/20. This is the share of Formula Funding that is assumed to be attributable to CSC. It shows nationally, Formula Funding allocated towards CSC declined by £436m (27.7%) during this period. The largest reductions are estimated to have taken place in CCN member councils, with funding declining nearly £133m (36.5%).

**TABLE 1: Total Formula Funding attributable to Children's Social Care, 2015/16 - 2019/20**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	362.85	310.37	272.54	251.78	230.32	-132.53	-36.52%
<b>Non-CCN Unitaries</b>	279.90	249.69	227.91	215.92	203.12	-76.77	-27.43%
<b>Metropolitan Boroughs</b>	485.73	438.73	404.86	386.22	366.04	-119.68	-24.64%
<b>Inner London Boroughs</b>	227.40	208.07	194.16	185.50	178.07	-49.33	-21.69%
<b>Outer London Boroughs</b>	222.59	199.63	183.13	174.11	164.44	-58.14	-26.12%
<b>ENGLAND</b>	1,578.46	1,406.49	1,282.60	1,214.53	1,142.00	-436.46	-27.65%

## (ii) Other Grant Funding for Children's Social Care

The second part of the analysis considered the share of Other Grant Funding within CSP (e.g. Council Tax Freeze Grant, Transition Grant, New Homes Bonus) that are assumed to be partially allocated to CSC. It also included Early Intervention Funding, which has been fully allocated to local authorities within CSC funding.

Table 2 below shows the combined total of estimated levels of funding for CSC from this Other Grant Funding for the years 2015/16 to 2019/20. This demonstrates that the contribution of Other Grant Funding to CSC declined at a faster pace than Formula Funding. Nationally, there was a reduction in Other Grant Funding of £571m (33.7%), in England. The largest decline again was borne by CCN member councils – a 41.3% reduction, or £258m. Inner London by contrast witnessed a reduction almost half the level of CCN member councils during the same period.

**TABLE 2: Total Other Grant Funding, 2015/16 - 2019/20**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	626.27	542.96	460.62	401.55	367.96	-258.31	-41.25%
<b>Non-CCN Unitaries</b>	306.56	277.48	245.03	223.70	210.00	-96.55	-31.49%
<b>Metropolitan Boroughs</b>	418.92	379.59	340.07	316.01	298.38	-120.54	-28.77%
<b>Inner London Boroughs</b>	148.19	141.01	128.40	118.77	113.81	-34.38	-23.20%
<b>Outer London Boroughs</b>	195.08	179.11	157.96	142.23	133.54	-61.53	-31.55%
<b>ENGLAND</b>	1,695.01	1,520.14	1,332.08	1,202.25	1,123.69	-436.46	-33.71%

Given its importance to the overall reduction in Other Grant Funding, Table 3 provides a specific breakdown by authority type of the reduction in funding allocated within CSP for Early Intervention Funding during the period. Overall there has been a £507m (35.5%) reduction in dedicated Early Intervention Funding, with CCN member councils once again experiencing a disproportionately large 43.5% reduction in comparison to other types of council.

**TABLE 3: Total Early Intervention Funding attributable to Children's Social Care, 2015/16 - 2019/20**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	542.79	451.06	383.94	345.77	306.97	-235.82	-41.25%
<b>Non-CCN Unitaries</b>	260.50	227.16	202.66	188.55	173.86	-86.64	-33.26%
<b>Metropolitan Boroughs</b>	362.06	321.12	290.94	273.43	254.97	-107.09	-29.58%
<b>Inner London Boroughs</b>	113.39	102.40	94.28	89.54	84.45	-28.94	-25.52%
<b>Outer London Boroughs</b>	152.02	133.16	119.32	111.39	103.11	-48.92	-32.18%
<b>ENGLAND</b>	1,430.76	1,234.90	1,091.14	1,008.69	923.36	-507.41	-35.46%

Early Intervention Funding represented 84% of the total Other Grant Funding provided in 2015/6 and still made up 82% of the total in 2019/20 despite the substantial reductions. This suggests that the remaining types of Other Grant Funding have also been hit almost as hard as this one major component.

## TOTAL CORE GRANT FUNDING FOR CHILDREN'S SOCIAL CARE (WITHOUT TEMPORARY GRANT FUNDING)

Having analysed its two component parts, CCN used LG futures' figures to calculate the Total Core Grant Funding (TCGF) for CSC in England by bringing together Formula Funding and Other Grant Funding between 2015/16 to 2019/20 in these years. Table 4 shows that since 2015/16 the amount of money in TCGF earmarked for CSC in England has declined by nearly one-third from almost £3.1bn to £2.2bn. During this period CCN member councils have seen an overall reduction of £391m (39.5%) in the suggested amount of

TCGF to be allocated to children – substantially greater than the reductions felt by any other type of council (indeed it is close to double the 22% reduction experienced by Inner London Boroughs).

**TABLE 4: Total Core Grant Funding for Children's Social Care (w/o Temporary Grant Funding) 2015/16 - 2019/20**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	989.13	853.33	733.16	653.33	598.28	-390.85	-39.51%
<b>Non-CCN Unitaries</b>	586.44	527.17	472.94	439.62	413.12	-173.31	-29.55%
<b>Metropolitan Boroughs</b>	904.65	818.32	744.93	702.22	664.42	-240.22	-26.55%
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<b>Outer London Boroughs</b>	417.66	378.74	341.10	316.34	297.98	-119.69	-28.66%
<b>ENGLAND</b>	3,273.46	2,926.63	2,614.68	2,416.78	2,265.68	-1,007.78	-32.52%

Early Intervention Funding represented 84% of the total Other Grant Funding provided in 2015/6 and still made up 82% of the total in 2019/20 despite the substantial reductions. This suggests that the remaining types of Other Grant Funding have also been hit almost as hard as this one major component.

## COMPARISON OF TEMPORARY FUNDING BETWEEN CHILDREN'S AND ADULTS SOCIAL CARE

Table 5 collates the value of all Temporary Grant Funding provided specifically for ASC & CSC nationally between 2015/16 and 2019/20. In the past year this disparity of Temporary Grant Funding between CSC and ASC has been partially rectified by the Social Care Grant 2019/20 (nationally valued as £410m) which offers councils the flexibility for it to be used across both ASC and CSC. In order to estimate the relative value for the Social Care Grant that councils had allocated to each type of social care service LG Futures allocated funding to each service according to the share of adults' and children's Relative Needs Formula – meaning in 2019/20 it was assumed ASC received £316m (77%) and CSC £101m (23%) allocations respectively of the available resource.

**TABLE 5: Comparison of Temporary Grant Funding between Children's and Adults Social Care**

	Children's Social Care (£/m)	Adult Social Care (£/m)
<b>CCN Member Councils</b>	36.56	933.57
<b>Non-CCN Unitaries</b>	17.35	392.06
<b>Metropolitan Boroughs</b>	25.26	689.49
<b>Inner London Boroughs</b>	9.13	189.23
<b>Outer London Boroughs</b>	12.27	187.72
<b>ENGLAND</b>	101.02	2,392.06



The table shows that the amount of Temporary Grant Funding directed towards ASC dwarfs the commensurate amount that has been provided to CSC – more than 20 times higher across the whole of England in total.

Table 6 then shows the total funding for CSC including Temporary Grant Funding for CCN Member Authorities and England as a whole. This shows that the uplift provided has been marginal - merely reducing the 39.5% decline *without* Temporary Grant Funding (detailed above in Table 4) to just under 36% in CCN Member Authorities over the past five years. Overall across England the amount of funding lost in this time comes down from just under a third, but still remains well above a quarter.

**TABLE 6: Total Funding (with Temporary Grant Funding) for Children's Social Care 2015/16 - 2019/20**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	989.13	853.33	733.16	653.34	634.84	-354.29	-35.82%
<b>Non-CCN Unitaries</b>	586.44	527.17	472.94	439.62	430.48	-155.96	-26.59%
<b>Metropolitan Boroughs</b>	904.65	818.32	744.93	702.22	673.55	-231.10	-25.55%
<b>Inner London Boroughs</b>	375.59	349.08	322.55	305.27	304.15	-71.44	-19.02%
<b>Outer London Boroughs</b>	417.66	378.74	341.10	316.34	323.24	-94.42	-22.61%
<b>ENGLAND</b>	3,273.46	2,926.63	2,614.68	2,416.78	2,366.70	-906.76	-27.70%

This study does recognise other pots of funding outside of Formula Funding have been made available to local authorities to support CSC during the period covered by this analysis - the Troubled Families programme and Children's Social Care Innovation Funding for instance. However, as such funding has not been made available to all local authorities, but usually allocated for specific pieces of work or on a payment-by-results basis, it cannot be considered as part of core funding to deliver services within CSC.

## SECTION 2:

### ANALYSIS OF DEMAND FOR CHILDREN'S SOCIAL CARE

#### INTRODUCTION AND PwC ANALYSIS OF SPENDING NEED

The first section of this report has demonstrated that funding for Children's Social Care (CSC) has reduced over the past five years, with CCN Member Authority budgets being particularly hard hit. The data in this second section provides an analysis of how patterns of demand for children's services changed over the same period – with the findings that demand is rising sharply, particularly in CCN Member Authorities, creating a clear divergence between funding and costs.

This funding analysis is conducted in the context of an ongoing and extensive increase in demand for statutory Children's Social Care services – a trend that has been in evidence for over a decade now. The number of children looked after by CCN Member Authorities at 31 March 2019 was 27,981, up from 24,421 in 2015 – a rise of 15% compared to just 12% nationally [7]. At the same time, councils have faced other rising costs, such as inflation. To demonstrate the extent to which funding for services has failed to keep pace with the costs borne by councils for CSC services in England, Total Core Grant Funding (TCGF) levels are now compared to estimates on 'spending need' which measures the rising costs and demand for services.

#### **PANEL 1: What is meant by 'demand' for children's services?**

'Demand' for children's services is a difficult thing to measure accurately. Most often the number of children in care is usually used as a rough proxy measure given that (a) it is one of the few objective indicators of need by children which figures are gathered on; (b) it represents the largest proportion of budget spent on children's social care; and (c) is a statutory requirement for local authorities.

However, it is important to remember that as a firm measure of actual need by children and families it is crude and does not take into account the varying thresholds and cultural trends in social work over time that impact on whether and when a child is taken into care. As the organisation Children England recently noted, a report such as this often *"talks about rising demand for care in the same language as the 'demand' for avocados or iPhones... But no one 'demands' for a child to be taken into care..."* [8]

This is significant as this report shows that resource is declining at the same time that demand is rising – as quantified within this study as Estimate Spending Need. Given the complex interaction between these two factors it is likely that the identified rise in demand is occurring even after local authorities will have initially tried to scale back their threshold for intervention from their preferred ideal to minimum statutory levels over time as budgets have reduced. This suggests that 'demand' – as measured by what would constitute 2014/15 thresholds – may be even higher than this analysis suggests.

It is also important to note that spending reductions to preventative children's services are unlikely to bear any relation to fluctuations in public demand for these services, which will mostly be allowed to go unmet given they are predominantly non-statutory in nature.

In May 2019, CCN published an *Independent Review of Local Government Spending Need and Funding* [9] (see Panel 2). A central function of modelling for this report focused on estimating the spending need in different types of councils and, crucially, ten different services over a ten-year period (2015/16 – 2024/25) data from which is now drawn on for this analysis.

**PANEL 2: Methodology of modelling by PwC of Local Government spending patterns**

This independent study by PricewaterhouseCoopers (PwC) estimated spending need based on a 'more consistent level of service'. PwC's analysis provided a fairer measure than simply relying on expenditure data by councils and is intended to address some of the key limitations of an analysis of the financial pressures facing local government now and in the future that is based solely on historical expenditure patterns. It therefore recognised that different local authorities face:

- Higher or lower demand for their services, depending on underlying socio-economic characteristics such as demography, levels of deprivation, and geography; and
- Different input costs (for labour and property), which are reflected in the Area Cost Adjustment (ACA) factors.

Furthermore, it used a broad range of generic cost drivers (i.e. inflation, living wage) and *service-specific cost-drivers* at a tier level, based on actual volume data. For CSC the service-specific cost-drivers used in the study were:

- Number of looked after children
- Number of children in need
- Population under 18

The first two cost-drivers used capture statutory service demand, while population under 18 is used a proxy to measure demand for discretionary prevention and early intervention services.

By using this methodology, PwC's analysis mitigates the problem that actual expenditure may not correlate with actual spending need. Higher expenditure may be the product of historic funding levels and political choices over desired service levels. Lower expenditure could be due to lower levels of funding and may fail to recognise 'unmet needs'.

Equally, while measuring a more consistent level of service at tier level, the figures produced by PwC are estimates of spending need based on service and eligibility levels in the baseline year of 2015/16. The analysis therefore estimates the additional costs required to maintain the level of service provided at 2015/16.

## ESTIMATED SPENDING NEED

Table 7 shows the trends in Estimated Spending Need for all local authority services in England during the period covered by this report. It shows that the percentage increase in spending need for CSC (21.3%) significantly out-paced other services – even ASC services.

**TABLE 7: Estimated Spending Need for All Local Authority Services 2015-2020**

	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	17,789	18,123	18,706	19,455	20,066	2,187	12.23%
<b>Non-CCN Unitaries</b>	7,623	7,959	8,195	8,547	9,083	1,460	19.15%
<b>Metropolitan Boroughs</b>	6,094	7,270	7,494	7,856	8,127	1,223	17.71%
<b>London Boroughs</b>	9,815	10,381	10,692	11,130	11,463	1,648	16.79%

Table 8 then breaks down PwC's estimates for CSC spending need nationally into different tiers of local government during the selected years, alongside the percentage increases since 2015/16. Inner and Outer London Boroughs have been combined in this analysis in order to compare the total funding estimates prepared by LG Futures with the PwC spending need analysis. In this time, while CCN Member Authorities witnessed the largest cash increase in spending need, they were below the England average, alongside Metropolitan District Authorities.

**TABLE 8: Estimated Spending Need for Children's Social Care 2015-2020**

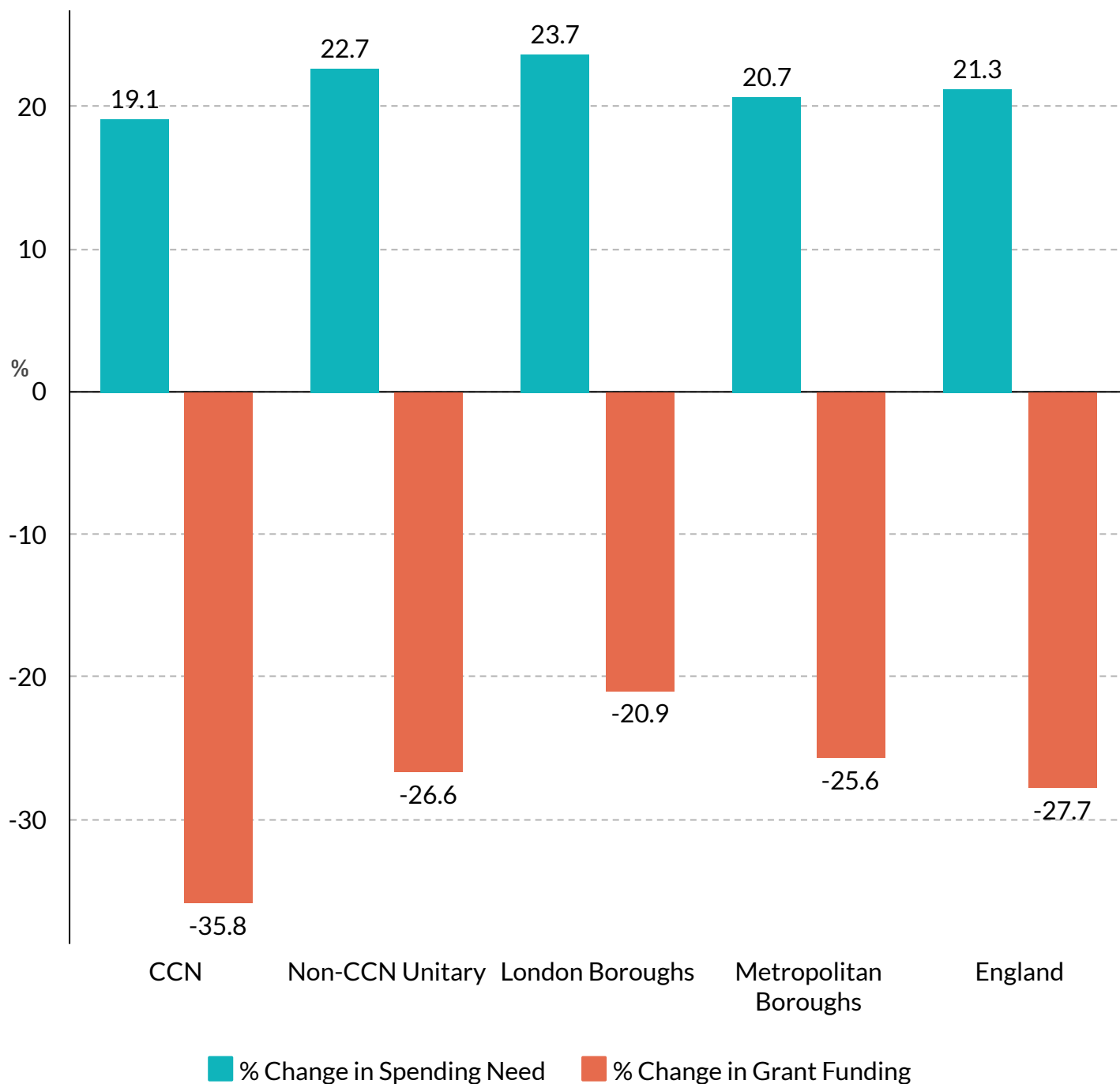
	2015-16 (£/m)	2016-17 (£/m)	2017-18 (£/m)	2018-19 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	3,123	3,119	3,297	3,594	3,720	597	19.12%
<b>Non-CCN Unitaries</b>	1,627	1,708	1,762	1,926	1,997	370	22.74%
<b>Metropolitan Boroughs</b>	1,446	1,481	1,532	1,667	1,746	300	20.79%
<b>London Boroughs</b>	2,106	2,230	2,303	2,511	2,605	499	23.69%

## 'DIVERGENCE' BETWEEN ESTIMATED SPENDING NEED AND TOTAL CORE GRANT FUNDING

### 'Divergence' in Children's Social Care

Graph 3 brings together the increased Estimated Spending Need and the reduction in Total Funding for CSC (established in Section 1) to show the combined effect on different types of councils which this paper terms the 'divergence'. The divergence in CCN Member Councils – comprising an increase in Estimated Spending Need of 19.1% and a reduction in TCGF of 35.8% – is larger than any other type of authority.

GRAPH 3: Divergence of Estimated Spending Need and Total Funding for Children's Social Care

**CONCLUSION: A 'PERFECT STORM' OF RISING DEMAND AND DECLINING FUNDING**

The findings of the first two sections of this report have shown that Children's Social Care has experienced significant reductions within Total Core Grant Funding allocations, while also experiencing the highest increases in demand and associated costs compared to other council services – a 'perfect storm' for local authorities. Equally it has shown CSC services have not received the same level of resourcing provided to ASC through Temporary Grant Funding to help mitigate cuts to funding overall.

There is now a pressing need for support to be extended specifically to CSC; one which is made more important because in most other services, such as ASC, councils at least have some flexibility to be able to respond to pressures by increasing charges and severely restricting eligibility for services. This is not as feasible – or indeed desirable – for much of the statutory provision which comprises CSC services.

The consequences of underfunding CSC are less well understood but are no less pertinent than those which impact on ASC. At worst, if left unchecked underinvestment in CSC funding risks creating a false economy of reduced preventative and early intervention services which lead to a continuing rise in demand for statutory services as outlined further in this paper.

## SECTION 3: ANALYSIS OF CHILDREN'S SOCIAL CARE SPENDING

### OVERVIEW

As the first two sections of this paper has shown, the sharp rise in demand coming at a time when funding is decreasing, has meant local authorities have been forced into tough choices over which services they are able to maintain. In order to examine these trends CCN also commissioned LG Futures to assess the change between actual expenditure data in 2015/16 and budgeted expenditure in 2019/20.

Using the data provided by LG Futures, this section presents an analysis of the overall trends in Children's Social Care (CSC) expenditure during this period, alongside a more granular analysis on the change in expenditure on statutory and demand-led services compared to those which could be broadly categorised as 'preventative' or 'early intervention' and therefore discretionary.

#### **PANEL 3: Defining Early Intervention**

The concept of 'early intervention' ostensibly carries political support across the spectrum yet as this study has shown effective implementation has proved exceptionally challenging. This is perhaps because it is a complex and often misinterpreted area of policy due to a number of underlying structural factors, the root of which are yet to be agreed upon. To preface the remainder of the report this short section summarises some key questions and challenges that increased public debate on the issue has thrown up over the past decade, in order to provide context for the later stages of this report.

- **Definition of 'Early Intervention'?**

There is no agreed definition – or even common term – to describe 'Early Intervention'. Broadly speaking 'Early Intervention' is the term that has been most commonly applied by policy makers to the concept of providing services which address social issues at an early stage in order to prevent them exacerbating into a larger (and costlier) problems further down the line. It was particularly popularised in political circles through Graham Allen MP's seminal Independent Review for the coalition government resulting in two reports published in 2011 [10]. Other terms in usage to describe the same concept include 'Early Support' and 'Preventative Services', whilst children's professionals – particularly those working in social care – often refer to 'Early Help' since it was the term used in Professor Eileen Munro's review of child protection [11] which has helped shape the current service landscape formed during the 2010s.

- **Early Intervention as a macro-economic policy**

On the surface early intervention is a simple concept to understand – it reflects common sense that relates to us as individuals: e.g. one might service their car at a garage annually to minimize the chance of it breaking down at greater inconvenience and higher cost during a journey. However, as a macro-economic policy it is deceptively complicated – exemplified by the fact that, despite consensus among the main political parties on the social and economic value of intervening early since the seminal Allen reports in 2011 [12], this political will has failed to translate into effective policy across the decade.

Part of this is because to embed the concept of 'Early Intervention' is problematic as a single national policy, as it is dependent on thousands of smaller policy decisions by national, regional and local agencies – such as county councils. To that extent some commentators have suggested it might be better viewed as a 'philosophy' of governance rather than a single policy that can be enacted:

*"In that sense maybe [early intervention] would be better viewed as the basis of a strategic framework for action, or even an underlying philosophy of Government upon which political consensus is built?" [13]*

- **Is 'Early Intervention' synonymous with 'Early Years'?**

Early intervention is sometimes mistakenly intertwined by some commentators with early years policy. However, the Early Intervention Foundation, the leading charity working in the field (which was founded in 2013 based on the Allen recommendations), stresses that:

*"The early intervention approach can be applied to a wide range of issues, at any age from pre-birth to adulthood." [14]*

Whilst research indicates that the early years is likely to be where preventative approaches can have the most effect, the term is more generally employed by experts to encompass services at any age which can be effective in reducing harm, or the effects of harm, at a later stage.

## OVERALL EXPENDITURE TRENDS IN CHILDREN'S SOCIAL CARE

Firstly, revenue account data for 2015/16 and 2019/20 has been used to assess trends in spending. Table 9 shows that despite previously demonstrating decline in funding, overall expenditure on CSC by all local authorities in England between 2015/16 and 2019/20 actually increased by 2.7%. This increase was particularly experienced by counties where spending by CCN Member Authorities increased by 4.8% and particularly Metropolitan Districts at 5.1%.

**TABLE 9: Change in expenditure on Children's Social Care 2015/16 - 2019/20**

	2015-16 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-
<b>CCN Member Councils</b>	3,146.30	3,298.64	152.34	4.84%
<b>Non-CCN Unitaries</b>	702.73	676.83	-25.90	-3.68%
<b>Metropolitan Boroughs</b>	1992.85	2,095.35	102.50	5.14%
<b>Inner London Boroughs</b>	1,575.26	1,586.31	11.05	0.70%
<b>Outer London Boroughs</b>	870.40	855.64	-14.76	-1.70%
<b>ENGLAND</b>	8,287.54	8,512.77	225.23	2.72%

## ANALYSING OVERALL EXPENDITURE TRENDS MORE DEEPLY

The next step was to determine what was driving this rise in spending with deeper analysis – particularly determining what proportion was directed at Statutory/Demand-led services and what proportion on Early



Intervention. Using Section 251 data enabled this analysis to be carried out by local authority tier, and at the most granular level of expenditure, to look in detail at the impact on statutory and preventative services.

For ease of presenting graphically this report used the five principal categories used in Section 251 returns, but also attempted to break down the data by the listed specific service sub-categories. This provided a more sophisticated picture of the trade-off between demand pressures and investment in prevention – partly one of 'what has to be provided' as part of CSC and what is discretionary spending.

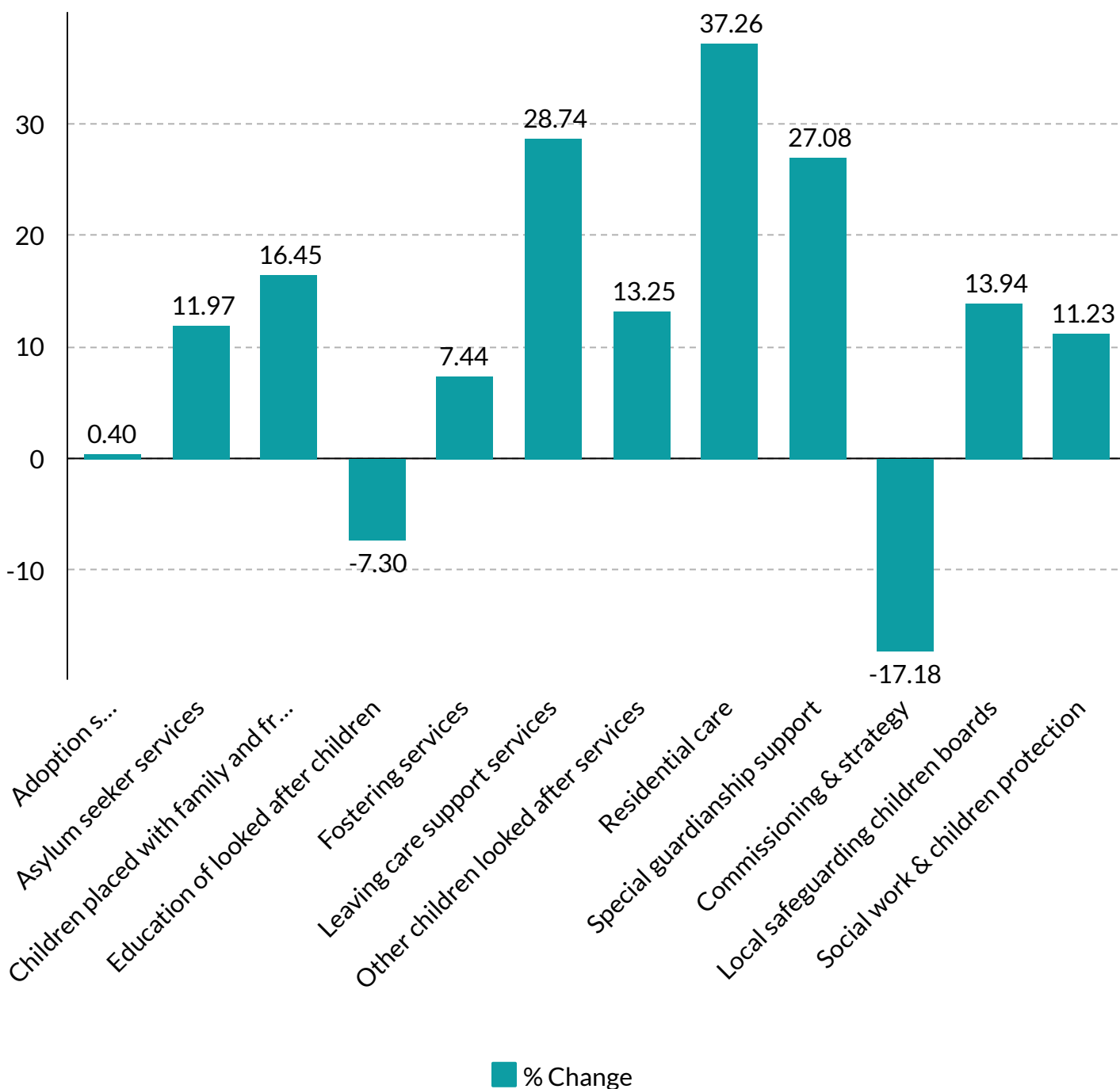
At this point it must be noted that classifying exactly what constitutes 'early intervention' for spending purposes is a matter of conjecture as the concept defies the ability to be easily defined (see panel below). Section 251 reports used in this analysis are helpful in classifying LA spending but can only contain limited categorisations which are not designed for the specific purpose of distinguishing between preventative and statutory spend.

**TABLE 10: Change in expenditure on Statutory/Demand-led services**

	CCN Member Authorities				All England Authorities	
	2015-16 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-	(£m) +/-	% +/-
<b>Adoption Services</b>	98.79	99.18	0.39	0.40%	-9.37	-3.32%
<b>Asylum Seeker Services</b>	13.94	15.61	1.67	11.97%	-18.71	-35.02%
<b>Children Placed With Family Or Friends</b>	31.93	37.18	5.25	16.45%	14.28	16.18%
<b>Education Of Looked After Children</b>	13.54	12.55	-0.99	-7.30%	0.78	2.37%
<b>Fostering Services</b>	570.48	612.93	42.46	7.44%	90.87	5.95%
<b>Leaving Care Support Services</b>	89.74	115.54	25.79	28.74%	87.55	31.05%
<b>Other Services: Looked After Children</b>	100.26	113.55	13.28	13.25%	24.00	11.28%
<b>Residential Care</b>	390.31	535.75	145.44	37.26%	234.63	22.62%
<b>Special Guardianship Support</b>	78.80	100.15	21.34	27.08%	72.44	35.50%
<b>Commissioning &amp; Strategy</b>	71.33	59.08	-12.26	-17.18%	-40.89	-17.06%
<b>Local Safeguarding Children Boards</b>	8.34	9.51	1.16	13.94%	0.27	0.97%
<b>Social Work &amp; Child Protection</b>	720.70	801.66	80.97	11.23%	205.70	11.02%
<b>TOTAL</b>	2,188.17	2,512.68	324.52	14.83%	661.55	11.30%

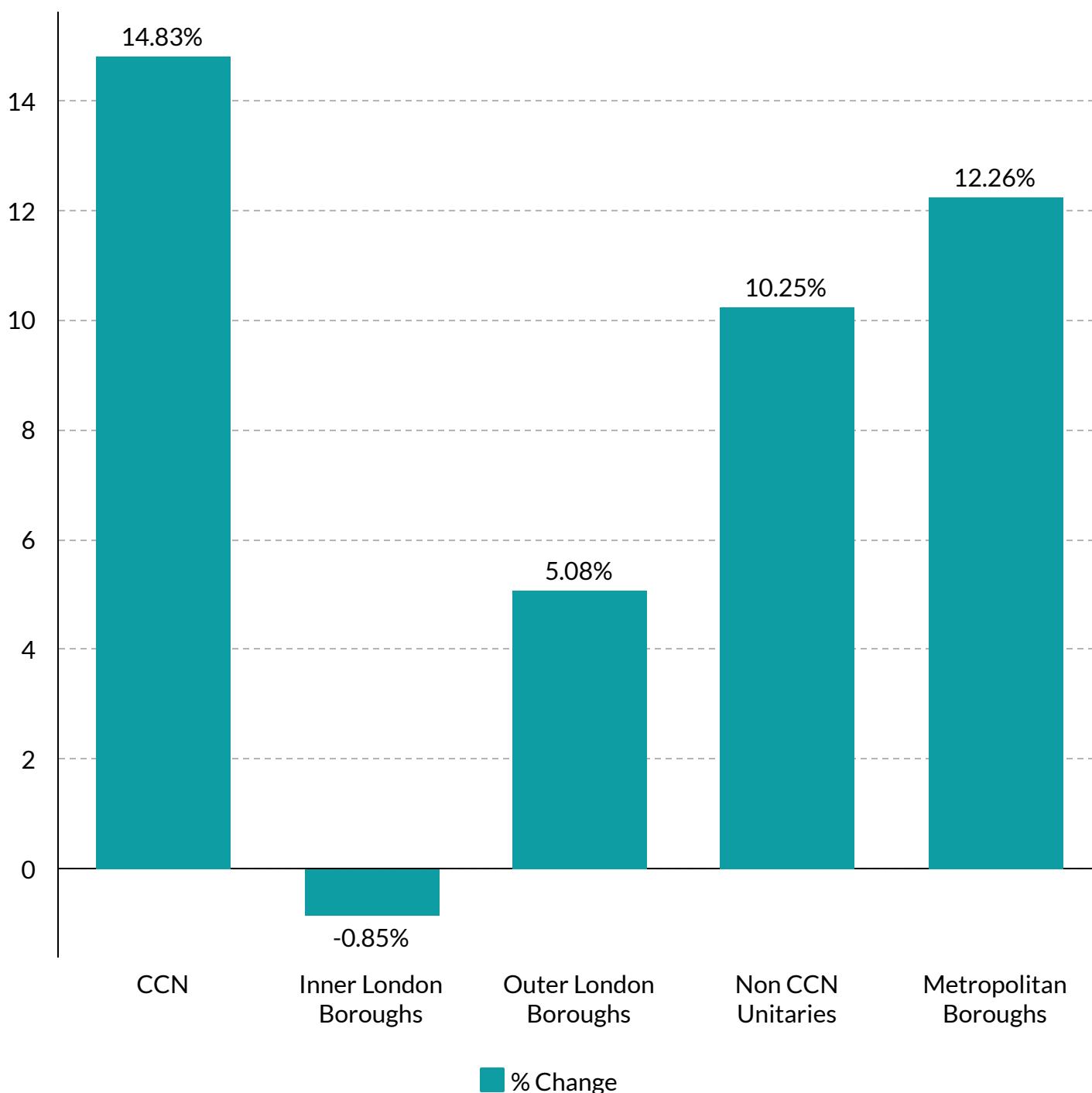
Once the overall change in CSC expenditure is broken down into these component parts, it shows a clear national trend of increased spending on acute demand-led statutory services and a decrease in preventative 'early intervention' spend. The change in expenditure for each service for CCN member councils is shown in Table 10 and Graph 5. Table 10 also shows the change for England.

**GRAPH 5: Change in Expenditure on Statutory/Demand-led Children's Social Care in CCN Member Authorities 2015/16 - 2019/20**



Graph 6 then compares this county expenditure on statutory and demand-led services to that in other tiers of local government. The average rise across England was 11.30%.

**GRAPH 6: Total Change in Expenditure on Statutory/Demand-led Children's Social Care by Type of Authority 2015/16 - 2019/20**



CCN Member Authority statutory/demand-led services increased above the national average for statutory demand-led services and compared to all other local authority types – particularly Inner London which managed to slightly decrease its spending in this area.

In deeper analysis of this data it was found that in 9 out of 12 services CCN Member Authorities witnessed the highest rate of increase above the national average. This was driven particularly by very acute expenditure rises for Residential Care of 37.3% (£145m) – representing over 60% of the entire additional expenditure in this category across all English authorities. Expenditure on Social Work and Child

Protection rose £80.9m (11.2%) whilst that on Fostering increased by 7.4% (£42m). The only area that did not see an increase in expenditure was Education of Looked After Children.

## ASSESSING PREVENTATIVE AND EARLY INTERVENTION SPENDING

Panel 4 helps explain how CCN has distinguished between services to perform this analysis. Although it is relatively straightforward to ascertain which services are predominantly Statutory/Demand-led, determining which expenditure lines relate largely or exclusively to preventative services is more subjective and depends on exactly what is being prevented – for example, whether it is preventing children from being taken into care, or, more broadly, from requiring any sort of child protection intervention (such as a Section 47 assessment or a Child Protection Conference).

### **PANEL 4: Separating out Preventative and Early Intervention expenditure**

In 2013 The National Audit Office produced a report on what it described as 'early action', where it grouped services into three broad types of intervention [15]:

- Prevention (upstream): preventing, or minimising the risk, of problems arising – usually through universal policies like health promotion.
- Early intervention (midstream): targeting individuals or groups at high risk or showing early signs of a particular problem to try to stop it occurring.
- Early remedial treatment (downstream): intervening once there is a problem, to stop it getting worse and redress the situation.

This description highlights some of the difficulty posed in adequately defining what constitutes 'early intervention' particularly because it distinguishes between interventions or services which may be both targeted or universal.

At a philosophical level it could be argued the system for taking children into care is 'early intervention' as it is agreed that without state intervention the potential consequences of a child being harmed or killed are likely to be more costly both for the welfare of the individual child and the public purse. However, it is a statutory duty of local authorities, so spending to ensure all children above a certain threshold of risk have their needs met is dictated by means outside the local authority's control and are non-negotiable. Therefore for the purposes of our analysis it is very much seen as 'late intervention' spending.

Conversely there is a statutory duty for "*Arrangements to be made by local authorities so that there are sufficient children's centres, so far as reasonably practicable, to meet local need*". Sure Start Children's Centres would undoubtedly be considered Early Intervention services in what they provide, but it are also a delivery requirement for local authorities. However as the duty's loose classification leaves authorities themselves to define local need this provides some flexibility for a council to reduce spending on these services if other demand pressures require it. Therefore, despite their provision being a statutory duty on LAs this report classes Early Years and Sure Start spending as 'early intervention'.

After drawing out the Statutory/Demand-led spend, the remaining Section 251 data was re-assessed to identify which spend lines were likely to be focused on Prevention/Early Intervention as opposed to responding to more immediate demands. The spend lines are grouped under the following headings:

- (i) *Targeted Family Support* (e.g. work with 'Troubled Families', edge of care services)
- (ii) *Universal Family Support* (e.g. parenting support)
- (iii) *Targeted Services for Young People* (e.g. Tier 1 or 2 mental health prevention)
- (iv) *Universal Services for Young People* (e.g. Youth Clubs)
- (v) *Sure Start [16]* (e.g. Children's Centres)
- (vi) *Early Years/Children Under 5* (e.g. attachment awareness)
- (vii) *Youth Justice* (e.g. working with young offenders)
- (viii) *Other Prevention [17]* (e.g. any other preventative spending which cannot be easily categorised) [17]

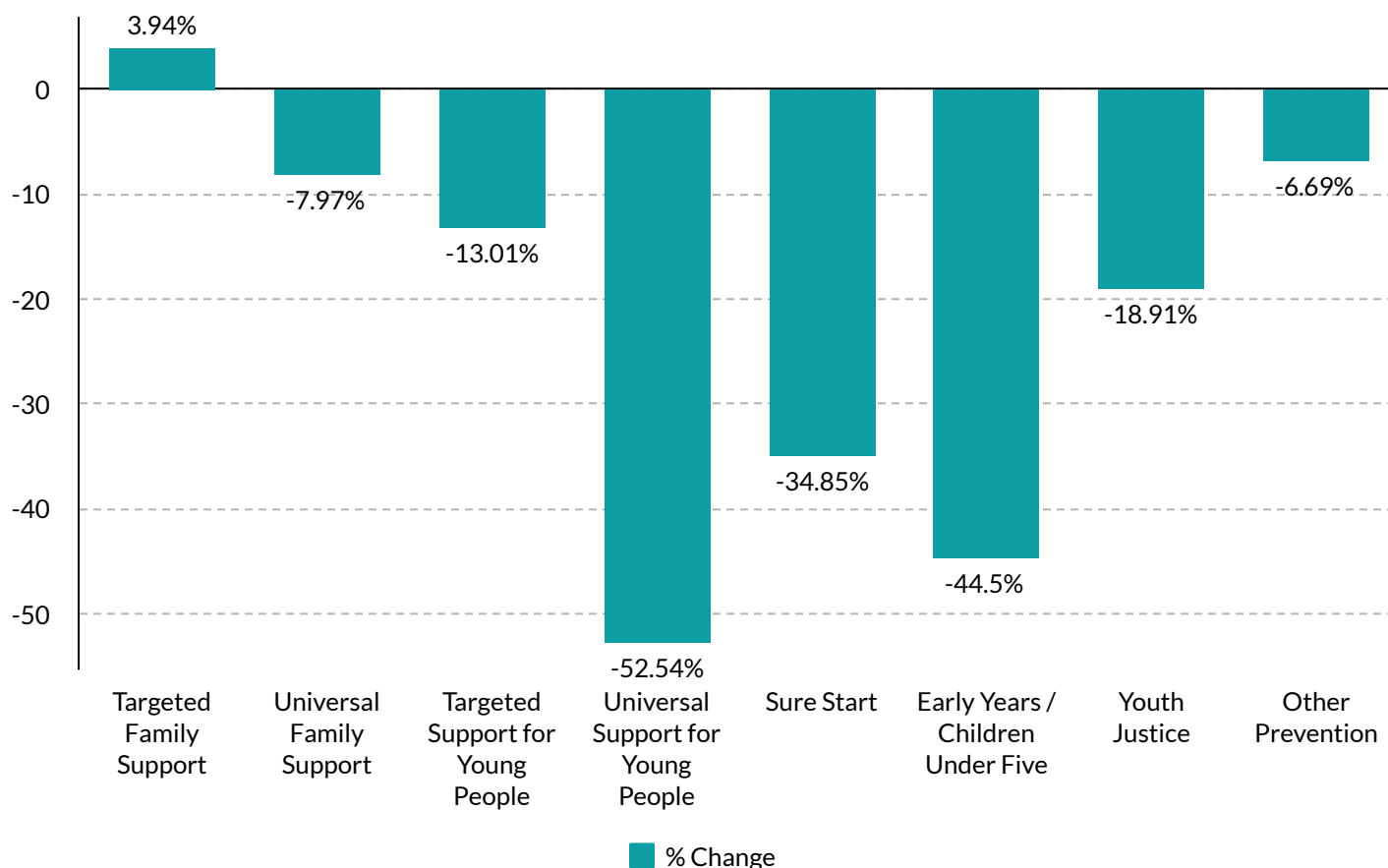
The change in expenditure for each service for CCN Member Authorities and England is shown in Table 11. Although spending has declined in most areas it is notable that expenditure on Targeted Family Support has bucked the trend, increasing 3.9% over the period.

**TABLE 11: Change in expenditure on Preventative/Early Intervention services 2015/16 - 2019/20**

	CCN Member Authorities				All England Authorities	
	2015-16 (£/m)	2019-20 (£/m)	(£m) +/-	% +/-	(£m) +/-	% +/-
<b>Targeted Family Support</b>	224.93	233.79	8.86	3.94%	-12.97	-2.36%
<b>Universal Family Support</b>	16.91	15.56	-1.35	-7.97%	-5.66	-9.28%
<b>Targeted Services For Young People</b>	110.00	95.70	-14.31	-13.01%	-32.83	-14.57%
<b>Universal Services For Young People</b>	77.36	36.72	-40.64	-52.54%	-108.71	-45.96%
<b>Sure Start</b>	229.19	149.31	-79.88	-34.85%	-195.72	-32.8%
<b>Early Years/Children Under Five</b>	47.17	26.16	-21.01	-44.54%	-45.18	-34.86%
<b>Youth Justice</b>	56.81	46.07	-10.75	-18.91%	-28.96	-16.87%
<b>Other Prevention</b>	195.76	182.66	-13.10	-6.69%	-6.29	-1.4%
<b>TOTAL</b>	958.13	785.96	-172.18	17.97%	-436.32	17.93%

This data for CCN Member Authorities is mapped pictorially in Graph 7.

**GRAPH 7: Change in expenditure on Preventative/Early Intervention Services by service area 2015/16 - 2019/20**



Expenditure on Targeted Family Support is important as it is related to the Troubled Families Programme (see Panel 5). As noted in the previous section, payment-by-results funding for this programme was excluded from the funding analysis given the availability of specific data and the fact this is not considered 'core funding' for CSC.

**PANEL 5: What is the Troubled Families Programme?**

The Troubled Families Programme was launched by the Coalition Government in 2011 and funding began in 2012. It is described as:

*"...a programme of targeted intervention for families with multiple problems, including crime, anti-social behaviour, truancy, unemployment, mental health problems and domestic abuse. One aim of the Programme is to tackle issues before they require costlier interventions. Staff funded by the Programme identify 'troubled families' in their area and usually assign a keyworker to each family, acting as a single point of contact. The Government uses a 'payment-by-results' model to incentivise positive outcomes. This involves both an upfront attachment fee to local authorities and a reward payment for each family that shows sustained improvement across set criteria or moves into continuous employment."* [18]

The Troubled Families Programme initially provided £448m to 2015 for LAs to work with 120,000 families. It was subsequently renewed with a second phase continuing until 2020 offering £920m funding to work

## **PANEL 5: What is the Troubled Families Programme? (cont)**

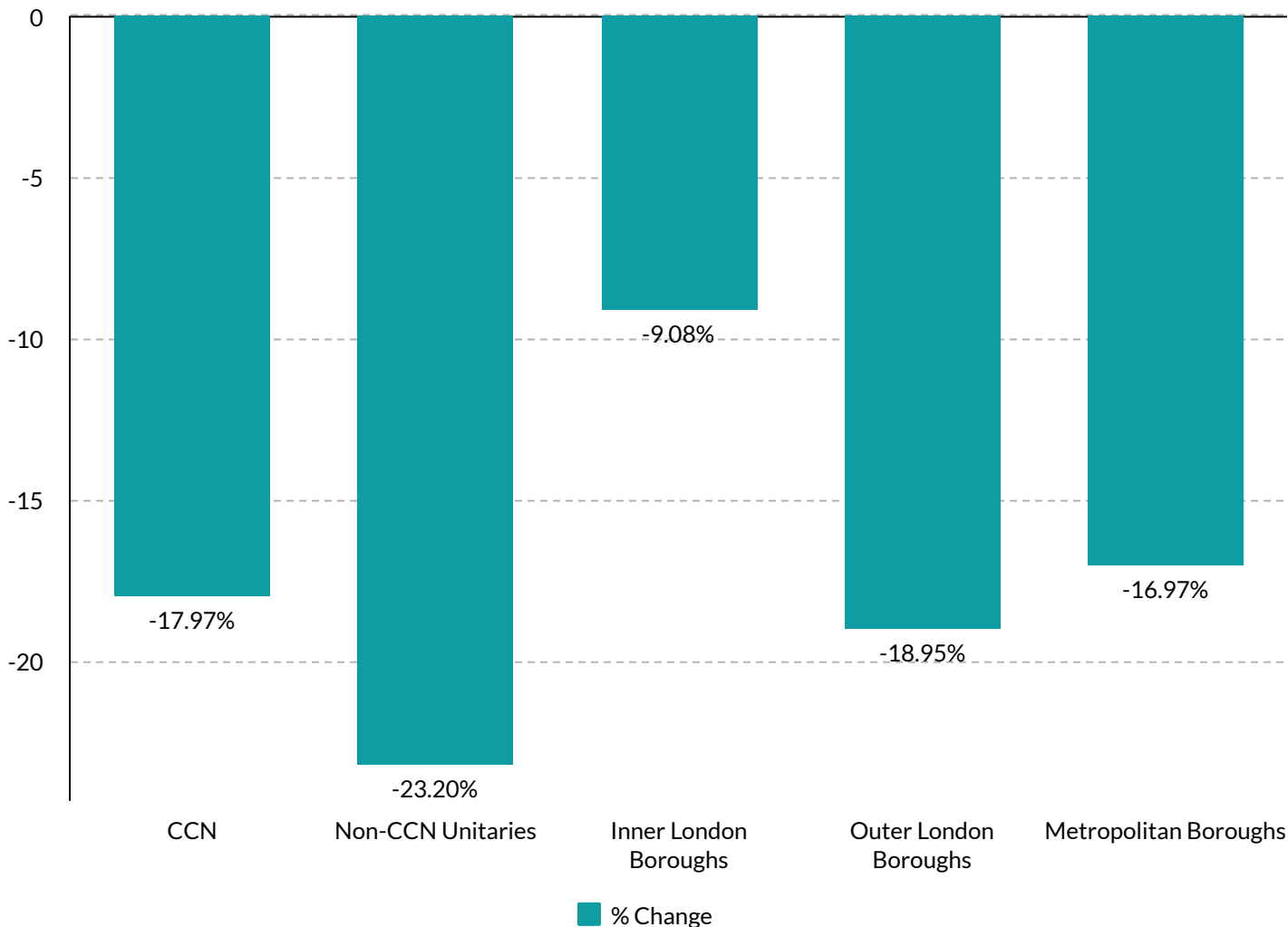
with 400,000 families. In April 2018 the Government granted 14 local authorities (including three CCN Member Authorities) 'earned autonomy' status, which disapplied the payment-by-results element for these areas:

*"In place of Payment by Results (PbR), these areas receive up front funding from the Troubled Families Programme in line with an agreed payment schedule and with the aim of supporting accelerated service transformation for Early Help." [19]*

The second phase was most recently extended as part of the Spending 'Roll Forward' for 2020/21 with another £165m announced to allow local authorities to continue delivering services until March 2021. It is presently unclear whether the Programme will continue beyond next year.

Graph 8 charts the overall changes in Preventative/Early Intervention services between different tiers of local government by both quantum spend and proportional decrease. This is in comparison to a total national decrease of £436m (17.9% decrease) in spending across England.

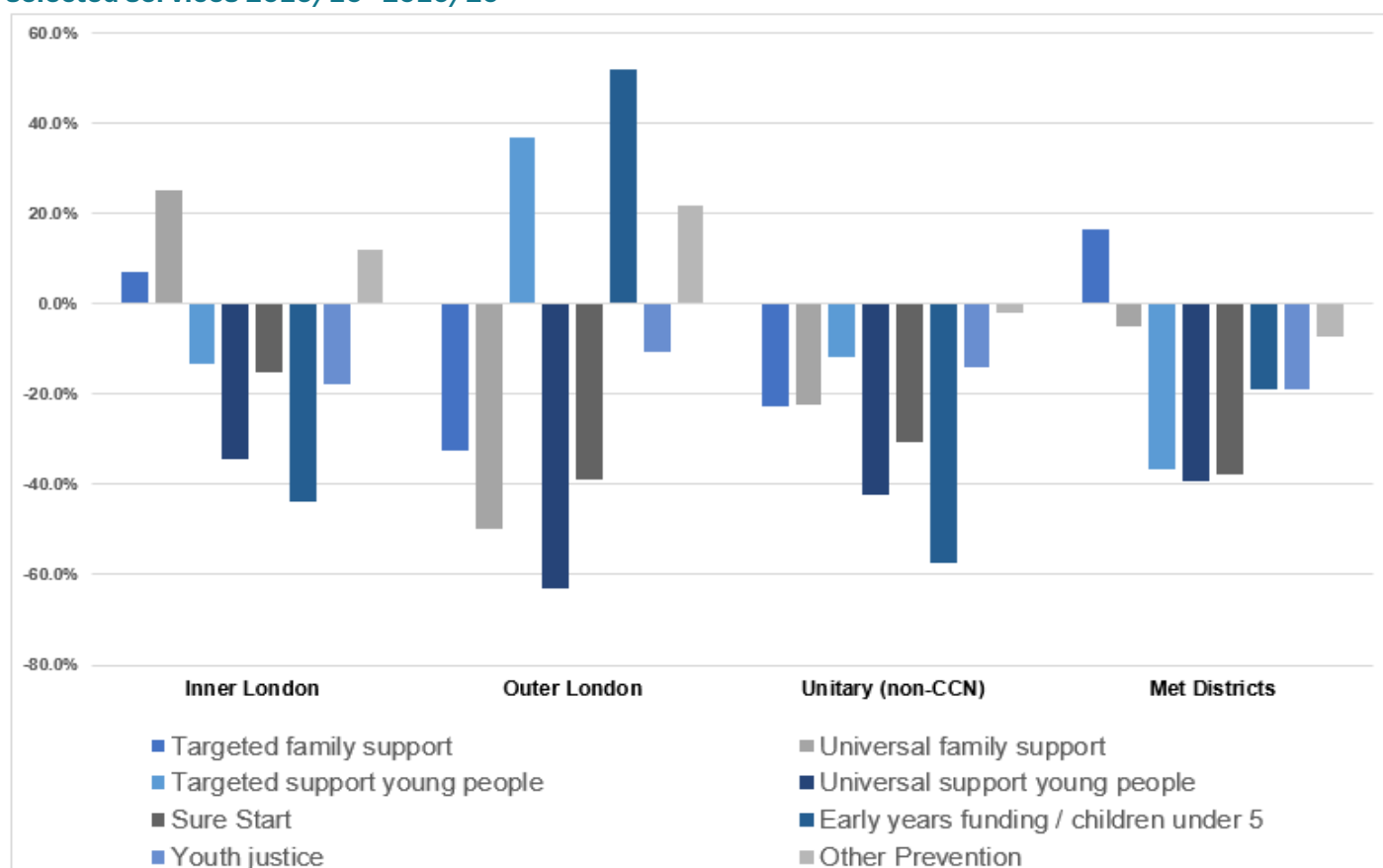
**GRAPH 8: Change in expenditure on Preventative/Early Intervention Services by type of authority 2015/16 - 2019/20**



The graph shows that every type of council has reduced the amount it spends on Preventative/Early Intervention services over the past four years. CCN Member Authorities reduced spending by almost exactly the national average (18.0%), whilst Outer London Boroughs (19.0%) and other non-CCN Unitary Authorities (23.2%) had particularly cut spending on these services. Only Inner London Boroughs had managed to keep reductions to Prevention/Early Intervention expenditure to under 10% during this time.

Graph 9 breaks this data down further to show the relative change in spending for the different identified lines of Section 251 spending across the different types of authority other than CCN.

**GRAPH 9: Change in expenditure on Prevention/Early Intervention by type of authority broken down by selected services 2015/16 - 2019/20**

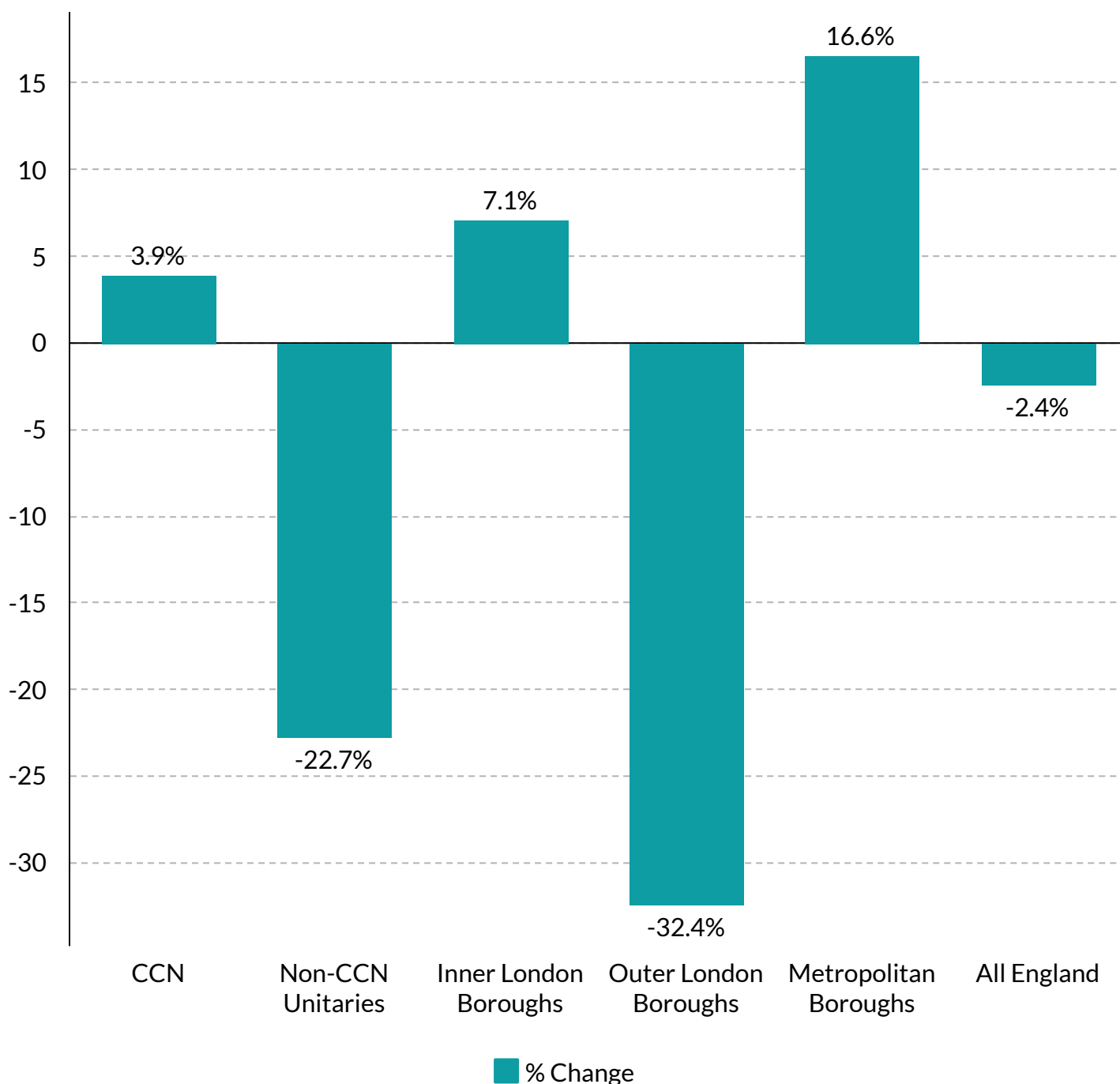


This graph – studied in tandem with the data for CCN Member Authorities in Graph 7 and the overall downward spending trends shown in Graph 8 – indicates that there is no clear pattern for how Prevention/Early Intervention has been reduced in different types of local authority. Indeed, these figures mostly likely reflect substantial variation across individual councils adapting their budgets to respond to specific local need and concerns in CSC.

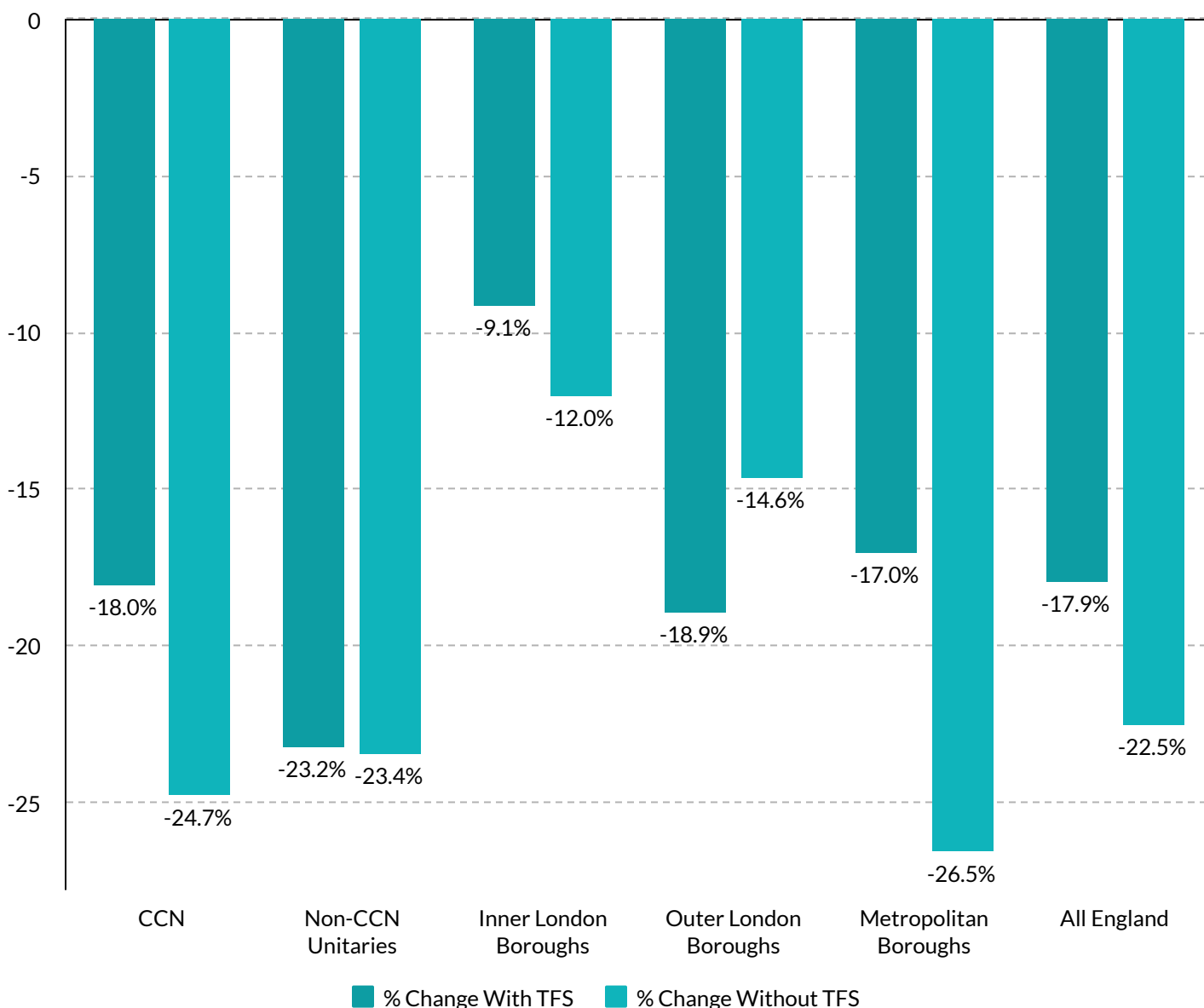
However, as in CCN Member Authorities Targeted Family Support appeared to have been better protected in Inner London Boroughs and Metropolitan Districts – shown more closely in Graph 10.



**GRAPH 10: Change in expenditure on Targeted Family Support - 2015/16 - 2019/20**



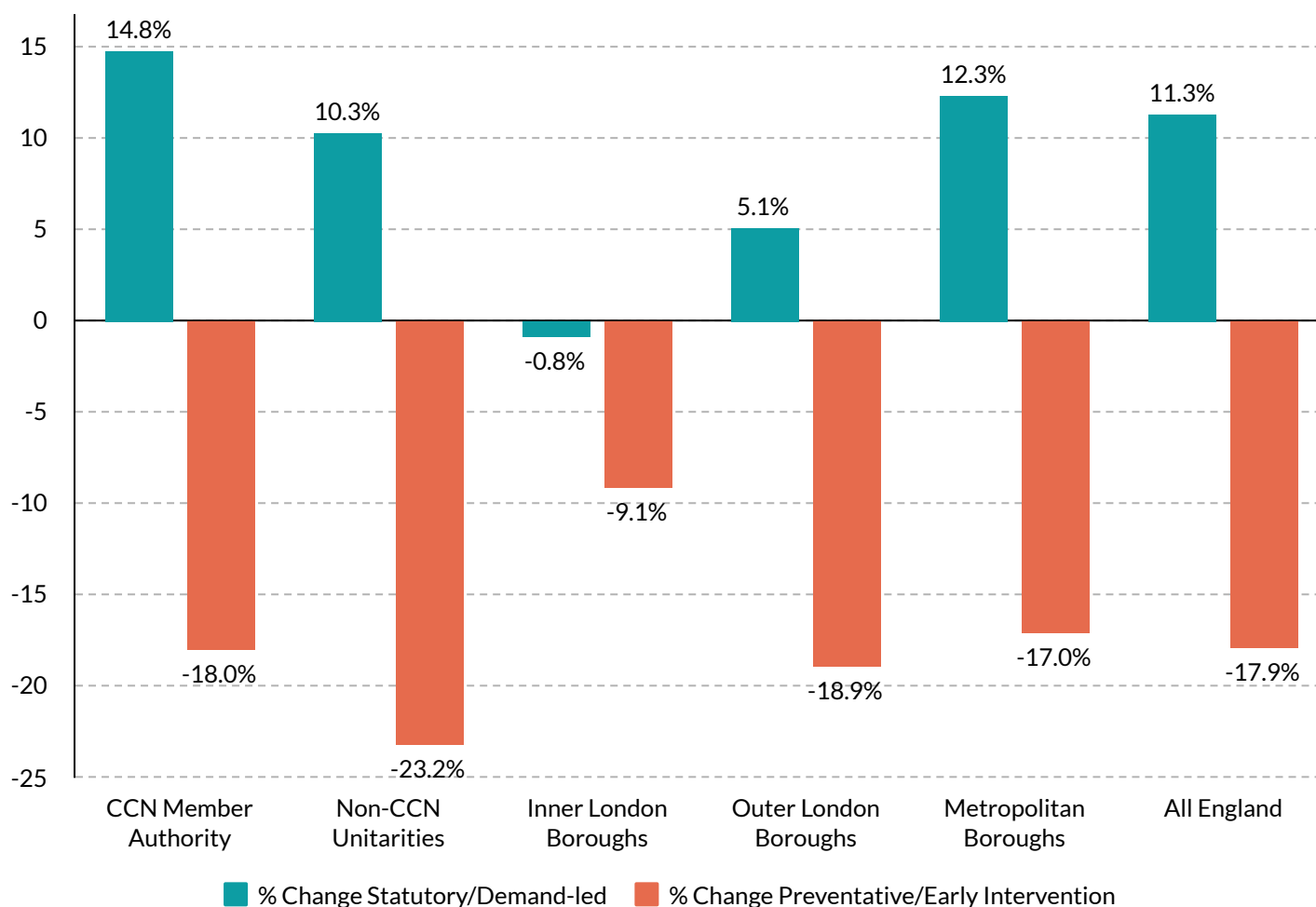
Finally Graph 11 maps the relative proportional change in expenditure with and without Targeted Family Support - of the sort supplemented by payment-by-results payments from the Troubled Families Programme. Overall in England once this service is removed it increases the scale of reductions by almost a third from 17.9% to 22.5%. This suggests that the Troubled Families Programme has been important in incentivising spending on preventative services, substantially mitigating reductions to local authority expenditure on early intervention overall. This has particularly been the case in CCN Member Authorities, alongside Inner London Boroughs and Metropolitan Districts.

**GRAPH 11: Change in expenditure on Preventative/Early Intervention services with and without Targeted Family Support**

### THE SHIFT FROM PREVENTATIVE/EARLY INTERVENTION SPENDING TO STATUTORY/DEMAND-LED SPENDING

As the first two sections of this report demonstrated, reduced funding for CSC combined with rising demand for Statutory/Demand-led services has created greater pressure on local authorities to prioritise their spending. At top level the analysis in this section shows that unsurprisingly this has meant much of the burden of austerity has fallen predominantly on spending lines that would largely be categorised as providing discretionary Prevention/Early Intervention services.

The data is backed up by the wider reporting of closure or scaling back of such services including children's centres (at least 500 closed since 2010 [20]), youth clubs (spending reduced by 62% since 2011 [21]), or lower-level Tier 1 mental health support for young people (the dearth of which was highlighted by the Children's Commissioner in 2017 [22]).

**GRAPH 12: Overall change between Statutory/Demand-led and Preventative/Early Intervention Spending 2015/16 - 2019/20**

It is important to note that in the broader context most local authorities have sought to prioritise CSC as far as possible compared to other services. But the depth of cuts to funding shown in Section 1 has meant that savings have still needed to be sought even here. It is now seen that unsurprisingly the aspects of CSC which have faced the brunt of these cuts have been those which yield the least clear and least immediate outcomes – primarily Prevention/Early Intervention services.

But despite political understanding that preventative services can make a difference in managing demand down the line it can be difficult for local authorities to prioritise such services when faced with the 'perfect storm' outlined in Section 2. This is not happening in isolation either, with budgetary pressure for councils also increasing on other statutory services such as Adult Social Care (ASC). There are specific challenges for upper-tier county councils too, as a higher proportion of their budgets is for priority services in social care (both ASC and CSC) than other types of authority, meaning they have less flexibility to reduce other services such as refuse collection in order to protect spending on preventative social care.

Having made this analysis it is important to put it into the context of what this means for local authorities on the ground. As such the next section surveys CCN Member Authorities to better understand their perspective on the changes that have been occurring during the period covered by this study.

## SECTION 4: SURVEY OF CCN MEMBER AUTHORITIES

### INTRODUCTION

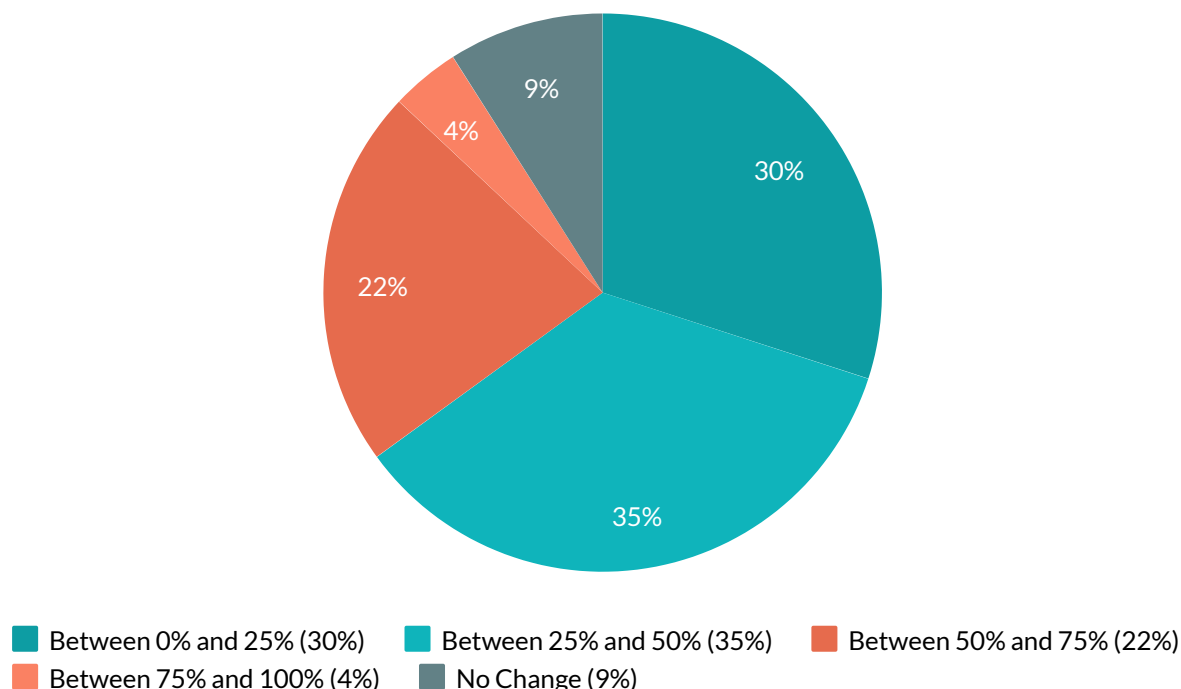
Up to this point the analysis in this report has provided an overview of trends in CSC funding and spending. However, this only shows the big picture – in order to get a more specific insight into what is happening on the ground CCN conducted a survey of its member authorities to gain their views on three key areas:

- **Pressure On Budgets:** how pressure on CSC budgets has affected Preventative/Early Intervention spending over the past five years;
- **Troubled Families Programme:** the impact of the Troubled Families Programme; and
- **Funding Early Intervention going forward:** What CCN should recommend in terms of funding structures to help county authorities prioritise Preventative/Early Intervention spending in the future.

#### (i) PRESSURE ON BUDGETS

The fiscal analysis in this report has shown that total core grant funding for CSC has declined by nearly 40% for CCN areas since 2015/16 despite demand for services continuing to rise. The first question sought to find out how far CCN Member Authorities felt they had had to cut back spending on Preventative/Early Intervention services during this time:

**QUESTION 1: How big would you describe your authority's reduction in Preventative/Early Intervention spending since 2015/16?**



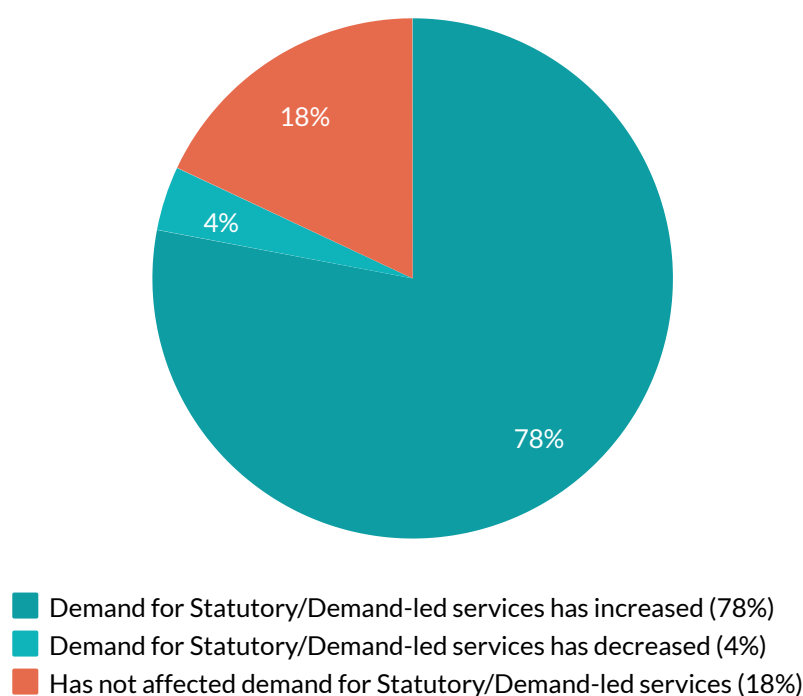
The data received suggests that the vast majority of CCN Member Authorities had decreased their spending on Early Intervention since 2015/6 with only 10% saying they had seen no change. Significantly over a quarter of stated they believed they had reduced Early Intervention services by more than half

during this time. Even those which had thus far tried to keep a strong Preventative/Early Intervention offer in place believed that further reductions would most likely have to come from preventative spending in the future:

***“To date we have mostly been able to protect early help services but we are now reaching the point where this is unlikely to continue to be the case....”***

Given that most authorities had decreased spending on Early Intervention, CCN Member Authorities were asked whether they believed this had impacted on the increases in demand for Statutory/Demand-led services.

**QUESTION 2: How do you believe reductions to Preventative/Early Intervention services since 2015/16 has affected demand for Statutory/Demand-led services?**



Over three-quarters of CCN Member Authorities believed that the reduction of Preventative/Early Intervention spending had contributed in the increase in demand for immediate services. Just one authority suggested the opposite and less than a fifth believed it had had no effect on Statutory/Demand-led services either way. It was accepted though, that reductions to Preventative/Early Intervention spending could only be part of the story in increasing demand:

***“The factors that impact on demand are complex and not just associated with a reduction in early intervention services. The impact of poverty, high levels of SEND and poor mental health alongside reductions in funding for other public sector agencies all impact on the levels of demand. The chosen service delivery model and legislation also impact greatly on the costs of service delivery.”***

Significantly there was suggestion that demand for Prevention/Early Intervention services might also be increasing, but as these were largely not Statutory/Demand-led services then it would not show in the same way.

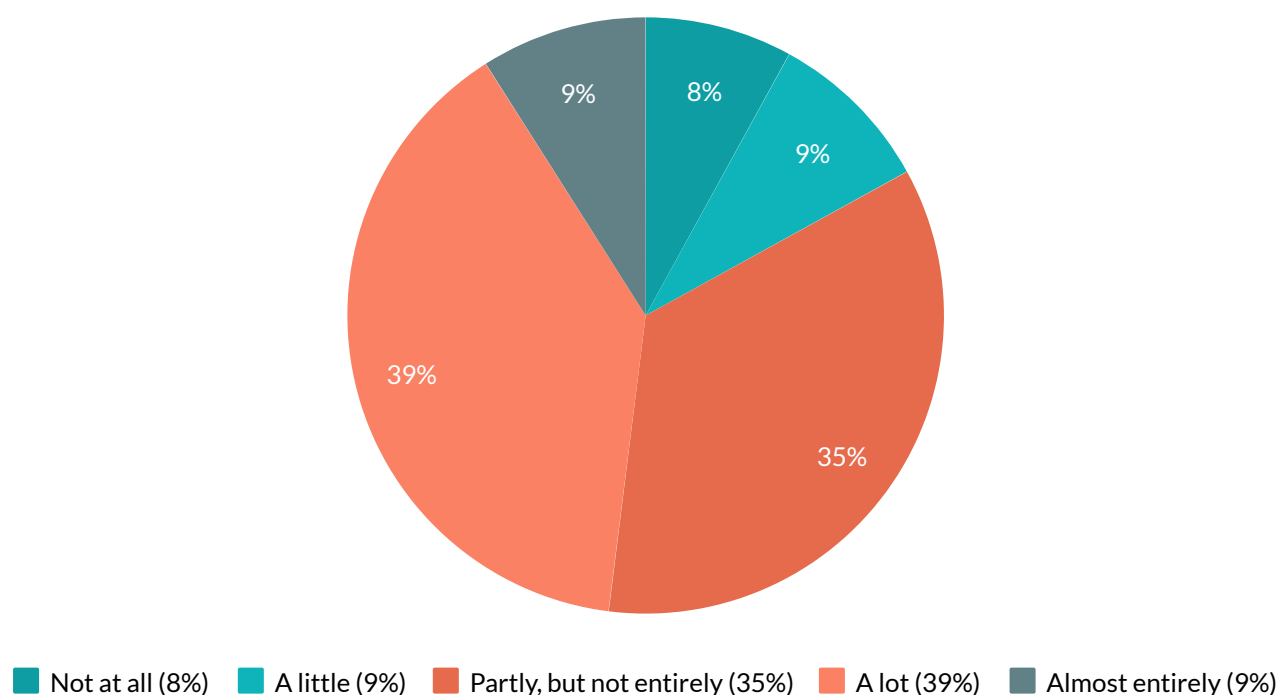
Significantly there was suggestion that demand for Prevention/Early Intervention services might also be increasing, but as these were largely not Statutory/Demand-led services then it would not show in the same way:

***“...as it [early intervention] is not statutory it is always an area that is most likely to have funding reduced, although the demand for early help has increased there is a lack of sustainability beyond 12 months.”***

***“Lower level needs are going unmet.”***

Conversely, when asked about a reverse correlation of how far CCN members believed the need to reduce Prevention/Early Intervention provision had been as a result of the rise in demand for 'late intervention' the picture was slightly different.

**QUESTION 3: How far have reductions to Preventative/Early Intervention spending been caused by pressures on Statutory/Demand-led services?**



There was no clear agreement among members whether this was the case, although only two authorities felt there was no correlation at all. However, the data shows over two-thirds did indicate that they felt reductions at least in part (and for some a lot) to do with pressures on Statutory/Demand-led services forcing resource to be drawn from Prevention/Early Intervention approaches designed to prevent acute cases.

***“The reductions to 'early intervention' in [our council] have been driven by the need to make savings to meet budgetary pressures to continue to support the 'late intervention' (i.e. safeguarding & LAC) within budgetary constraints. As 'early intervention' (i.e. Early Help) is non-statutory, this is where savings are realised to ensure continued provision.”***

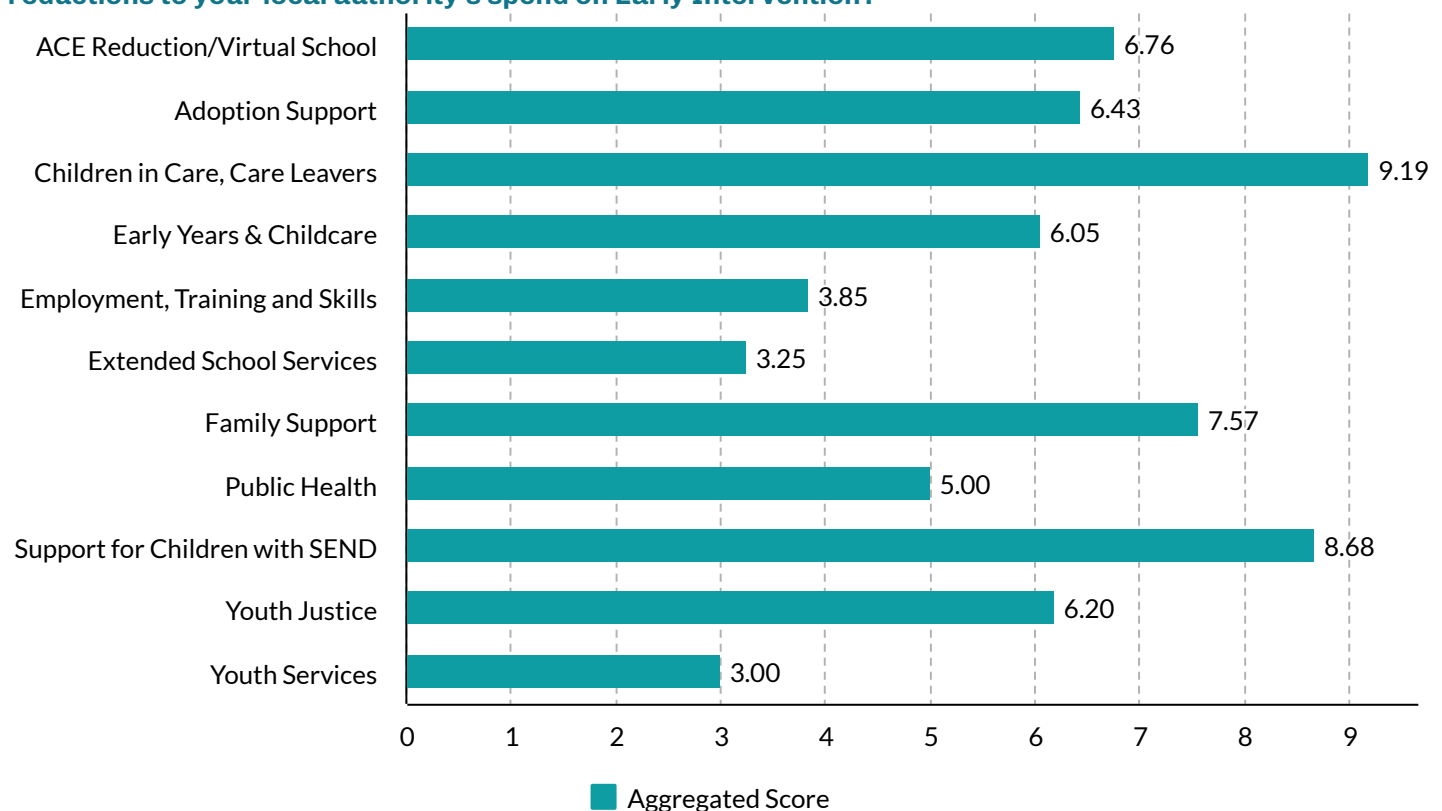
Several authorities though, pointed to wider cuts to public service budgets generally – in local authorities, but also local partners such as health – as a deeper reason that Early Intervention services have been in decline:

***“Rising demand for Children's Social Care has led to significant budget pressures, but so have the reductions made by central government to local government funding.”***

***“There has been an overall increase in demand for children's services nationally and [our council] shows similar trends. There is no local analysis which provides a direct correlation but it is reasonable to conclude that impact of austerity and a reduction in services across the partnership of agencies could have led to an increased demand for social care interventions. In turn, the Council has needed to make considerable budget reductions due to reducing resources and higher demand. A share of these reductions has been applied to Early Intervention Services.”***

Although the overall delivery of Prevention/Early Intervention services has declined, the spending analysis in Section 3 showed that the patterns of service reductions varied among different types of council. CCN Member Authorities were asked to rank eleven broadly preventative service areas to ascertain how far they believed they had prioritised different types of Prevention/Early Intervention services in decisions about where to focus necessary budget reductions. Responses were weighted according to score (e.g. 1st priority = 11, 2nd place = 10 etc.) and then the totals divided to provide a mean average score with a higher score indicating greater priority given to retaining the service.

**QUESTION 4: Which services have been most prioritised/ retained when making decisions about reductions to your local authority's spend on Early Intervention?**



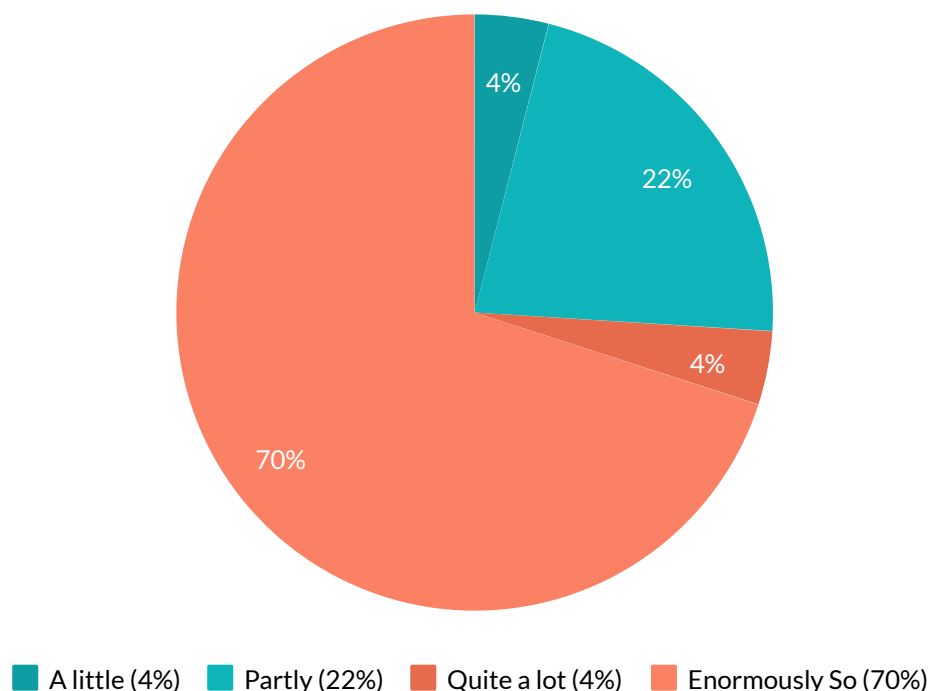
The table above shows that support for children in care, care leavers and those with special education needs and disabilities (SEND) have been most protected – although it is likely that preventative services in these areas would already be more directly linked to statutory delivery. Family support had also been more protected in line with this report's earlier analysis of spending trends.

At the other end of the scale though, services predominantly focused on young people were those which had been cut back most – particularly youth services and those focused on transitioning into work. The policy of 'Extended Schools', which during the 2000s had seen additional services such as childcare and additional support linked to schools as hubs, was the other main area experiencing reductions, although this is perhaps less surprising as over the last decades more schools have become Academies which often operate their own models of additional delivery from within Multi-Academy Trusts.

### **(ii) TROUBLED FAMILIES FUNDING**

CCN member authorities were asked what they believed the impact of the Troubled Families Programme and its associated funding has been on Preventative/Early Intervention services in their council.

**QUESTION 5: Do you feel the Troubled Families Programme has helped to protect your local authority's spending on services which could be described as Preventative/Early Intervention?**



CCN Member Authorities overwhelmingly felt that the Troubled Families Programme had helped to protect spending on Prevention/Early Intervention services with every one believing it had done so at least in part. Almost three-quarters felt it had been crucially important:

***“Without the [Troubled Families] programme our early help from the LA would be significantly reduced.”***

The funding had allowed local authorities to invest in a variety of different types of preventative services



and encouraged the adoption of local approaches:

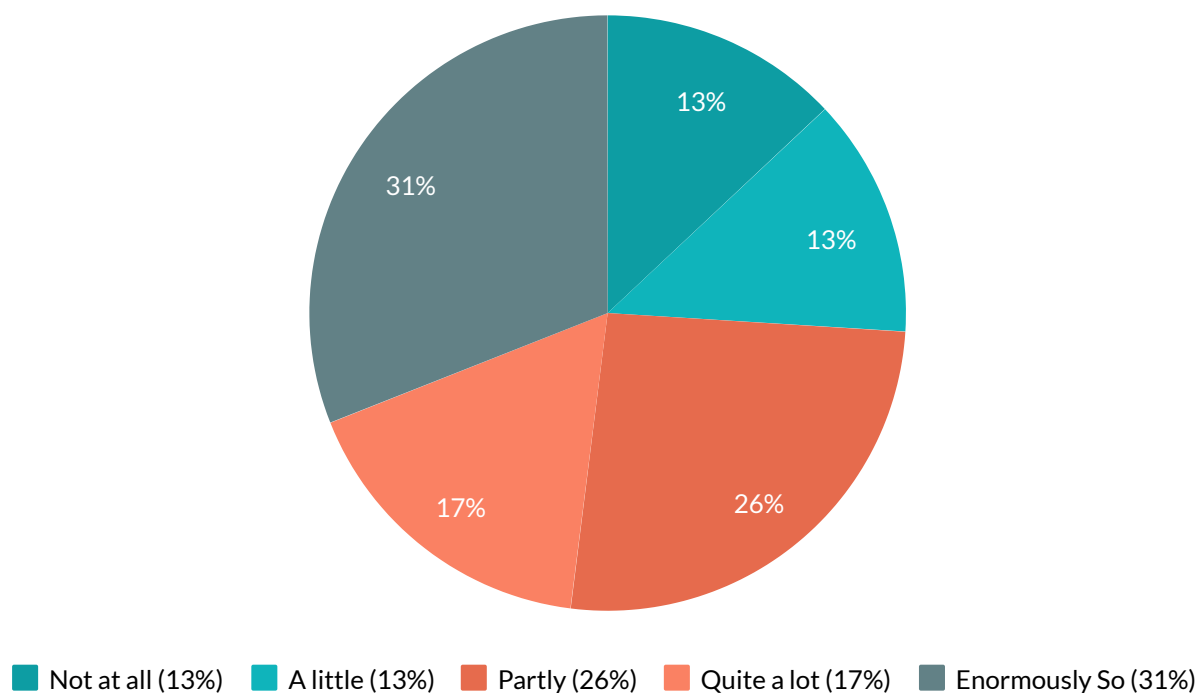
***“We have used Troubled Families money to promote our prevention of neglect strategy, our housing support, direct practical help for families, Early Help workers, benefits advice.”***

It was felt this particular aspect should be seen by Ministers as a key strength of the programme, not a weakness, as it enabled local authorities to do what they do best – tailoring approaches to meet the needs of their communities:

***“The [Troubled Families] programme has been adopted in different ways nationally, however despite this the programme has provided a solid platform to build early intervention services.”***

CCN was also interested to find out whether Troubled Families funding had helped incentivise the development of new spending on Early Intervention.

**QUESTION 6: Do you feel Troubled Families has helped to incentivise new spending by your authority on services which could be described as Preventative/Early Intervention?**



There was no clear consensus on the answer suggesting it depended on the nature of each council's individual prevention strategies. However only 13% of respondents felt that it wasn't the case at all, with around half believing the programme had incentivised spending 'quite a lot' or 'enormously so':

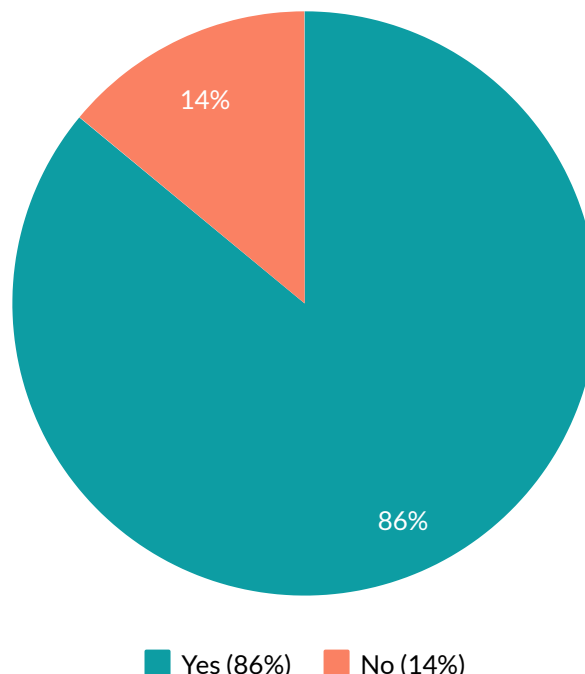
***“PBR has enabled investment to be made with early intervention services but sadly such investments have been offset by the need to make savings due to funding reductions. However without TF and PBR the cuts to those services would have been greater.”***

Some though felt that whilst access to the funding pot itself was helpful the payment-by-results aspect had become less useful as an incentive over time, perhaps because once services have become successful at securing the right outcomes the need to innovate becomes less urgent:

***“The original [Troubled Families] money incentivised the new ways of working and thinking which included the use of payment-by-results. The payment-by-results has become less useful and can destabilise the transformation.”***

Given that the majority of CCN member authorities believe Troubled Families funding has both protected existing spending and incentivised new spending, it was clear that a large majority believed that the programme should be continued in the upcoming Spending Review, with 86% of respondents agreeing.

## **QUESTION 7: Do you believe the Troubled Families Programme should be continued in the Spending Review?**



Many CCN Member Authorities highlighted how this funding was crucial to maintaining a Prevention/Early Intervention offer locally. As such it was important that the Spending Review ensures greater certainty of this funding throughout the course of the parliament:

***“The programme should be continued for at least five years to allow a more strategic planning approach.”***

Also given the success local authorities have made of Troubled Families over eight years it would be more cost-efficient now to loosen the bureaucracy around the programme:

***“The funding is valued and has helped to protect early intervention activity at local level, however the fewer strings attached to funding the better council's ability to align to local priorities and need, and the***

***lower the cost of processes to account for use of funds. Short term/grant funding does not support sustainable services which bring about effective change in the longer term."***

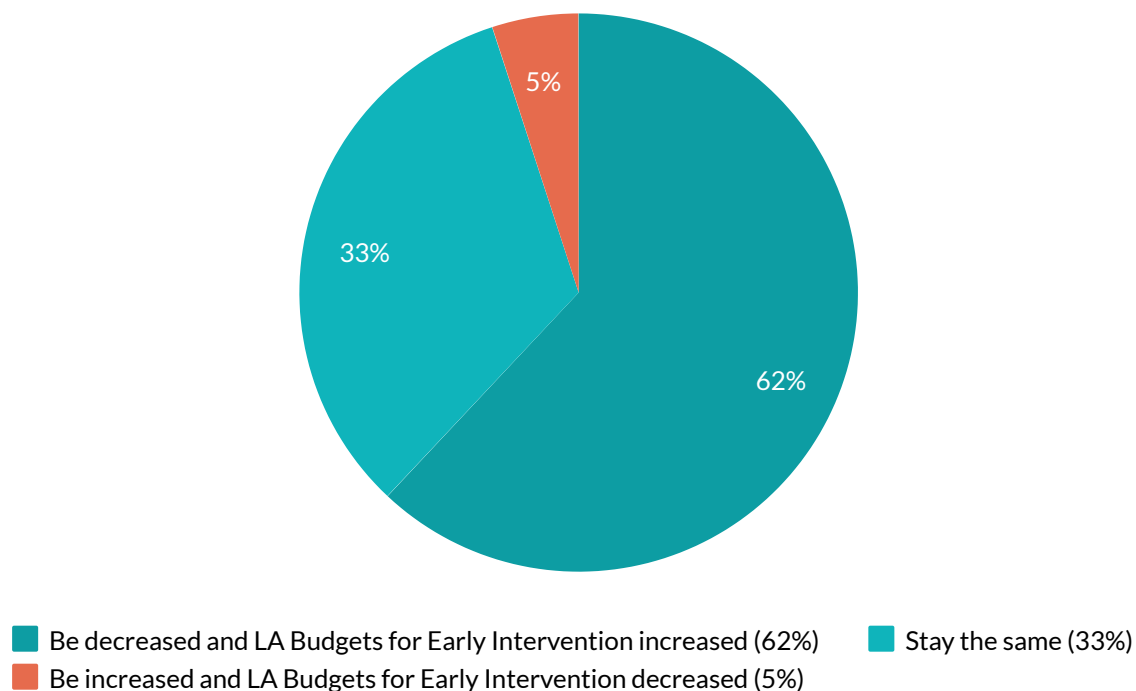
Particularly the payment-by-results (PBR) aspect:

***"The funding has been used effectively to ensure there is a continued focus on early intervention despite pressures on high cost late intervention. The programme has now matured enough however for this to be funded without PBR."***

***"I am trusted with £200m investment in [my authority] but have to go through PBR for £1.5m from Troubled Families which seems an awful lot of unnecessary work for everyone involved."***

The survey then tried to get a sense of how CCN member authorities felt the balance between the reductions in their own budgets were being offset by incentives for them to spend created by Troubled Families' central budget. As such respondents were asked to consider – in the event of the total quantum of Total Core Grant Funding (TGCF) and Troubled Families funding remaining the same – how they believed this funding for Early Intervention should be traded off.

**QUESTION 8: Do you believe central government funding for Troubled Families should:**



Nearly two-thirds felt that the central budget for Troubled Families should be decreased in favour of Early Intervention funding provided directly to local authorities, whilst a third were content with the present balance. Just one authority said they would be happy for their own budget to be decreased in favour of more funding for Early Intervention being made available from the Troubled Families Programme.

Unsurprisingly given the financial trends depicted in this report, several authorities remarked that they ideally wanted both budgets to increase:

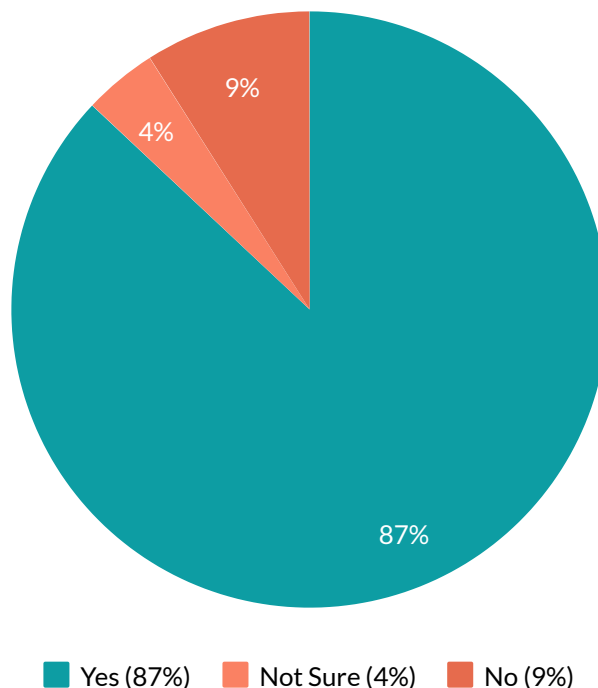
***“Troubled families [funding] should be increased and LA budgets should be increased”***

However, even though they would appreciate more money in their LA they accepted that in a time of reducing resources for local government it would be particularly hard to protect Early Intervention spending unless it was ring-fenced in some way:

***“If ring fenced budgets for EI are provided to the LA then I would support a reduction in the available programme resources for the TF programme - but if not ring fenced then I would support a similar amount of resource being made available - but with a change to the funding allocation model.”***

***“I would ring fence some early intervention funding and consider introducing some criteria linked to the funding.”***

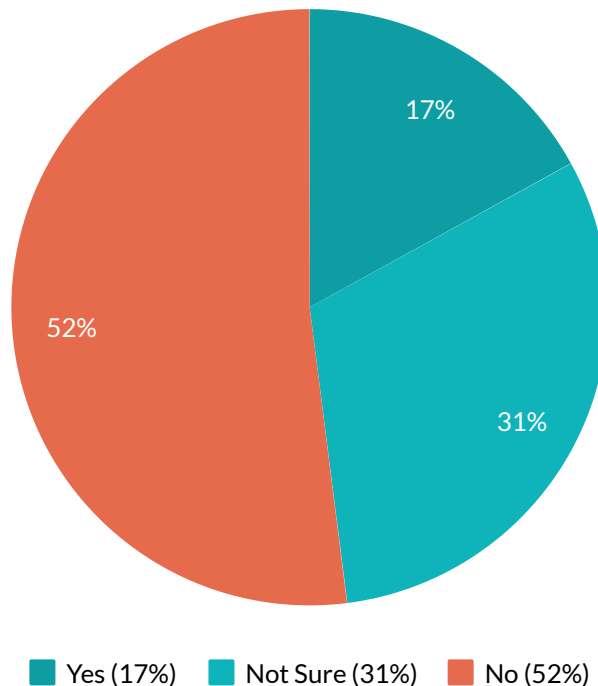
#### QUESTION 9: Do you believe the Troubled Families Programme should be renamed?



87% of CCN members supported the former MHCLG Secretary of State James Brokenshire's indication in 2019 that if the programme is continued it might be renamed. A few suggestions for alternative names were put forward with the most popular being 'Strengthening Families' or 'Supporting Families'. The general sentiment, though, was summed up in the succinct quote:

***“Anything other than current name which is highly stigmatising.”***

**QUESTION 10: Do you believe access to the Troubled Families Programme should be extended to the Voluntary Sector to help incentivise delivery of Preventative/Early Intervention services in your area?**



Finally CCN members were asked whether they believed access to the central pot of the Troubled Families Programme should be extended to the voluntary and community sector (VCS) as a means of helping local third sector organisations innovate to provide early intervention services. Half did not think so, with some highlighting the underpinning view that **"the LA is a single point of accountability"** whilst others were not even sure it would be feasible:

***"The current programme and funding model is too bureaucratic to make it pay for the VCS sector. Local areas are already able to find ways of using this funding to increase capacity of the VCS."***

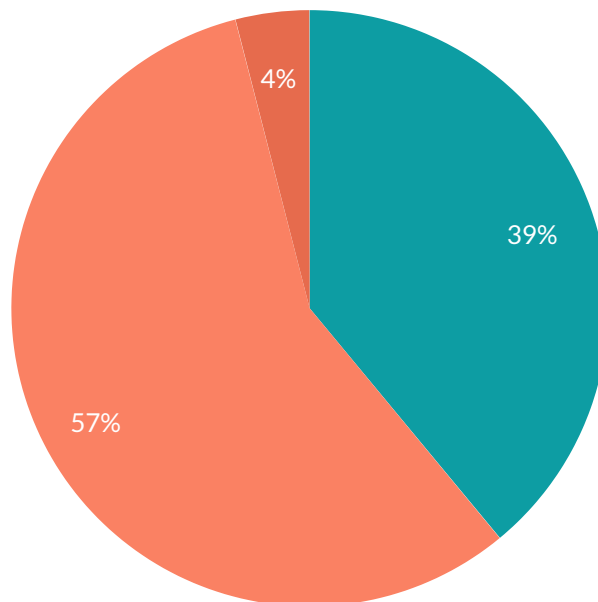
Although others were more circumspect and would consider proposals which perhaps supported Troubled Families funding being made available to the VCS in certain circumstances but was wary of unforeseen consequences:

***"It would need to be clear how this aligned with activity by the statutory sector and how the VCS is placed to deliver - this could potentially create unhelpful 'competition' to work with families for outcome payments."***

### **(iii) FUNDING EARLY INTERVENTION GOING FORWARD**

The final section of the survey asked CCN Member Authorities to consider what they believed would be the best way of funding Prevention/Early Intervention services going forward. Firstly councils were asked to consider the proportion of their budgets they felt they currently spend on Early Intervention and what proportion they felt ideally *should* be spent.

**QUESTION 11: What proportion of your local authority's budget for Children's Social Care do you believe is currently spent on services which could be described as Preventative/Early Intervention?**

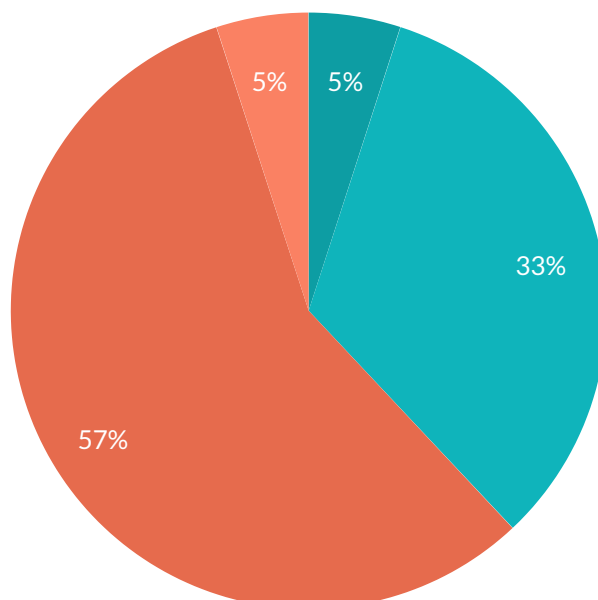


■ Less than 10% (39%) ■ Between 10% and 25% (57%) ■ Between 25% and 50% (4%)

Only one respondent believed they were spending more than 25% of their budget on Early Intervention approaches whilst over a third said that Early Intervention constituted less than 10% of CSC spending. This reality contrasted with what member authorities felt *should* be spent on such approaches – with over half believing between a quarter and a half of CSC budgets should be directed towards preventative services:

***“Difficult question to answer, ideally a higher proportion than currently.”***

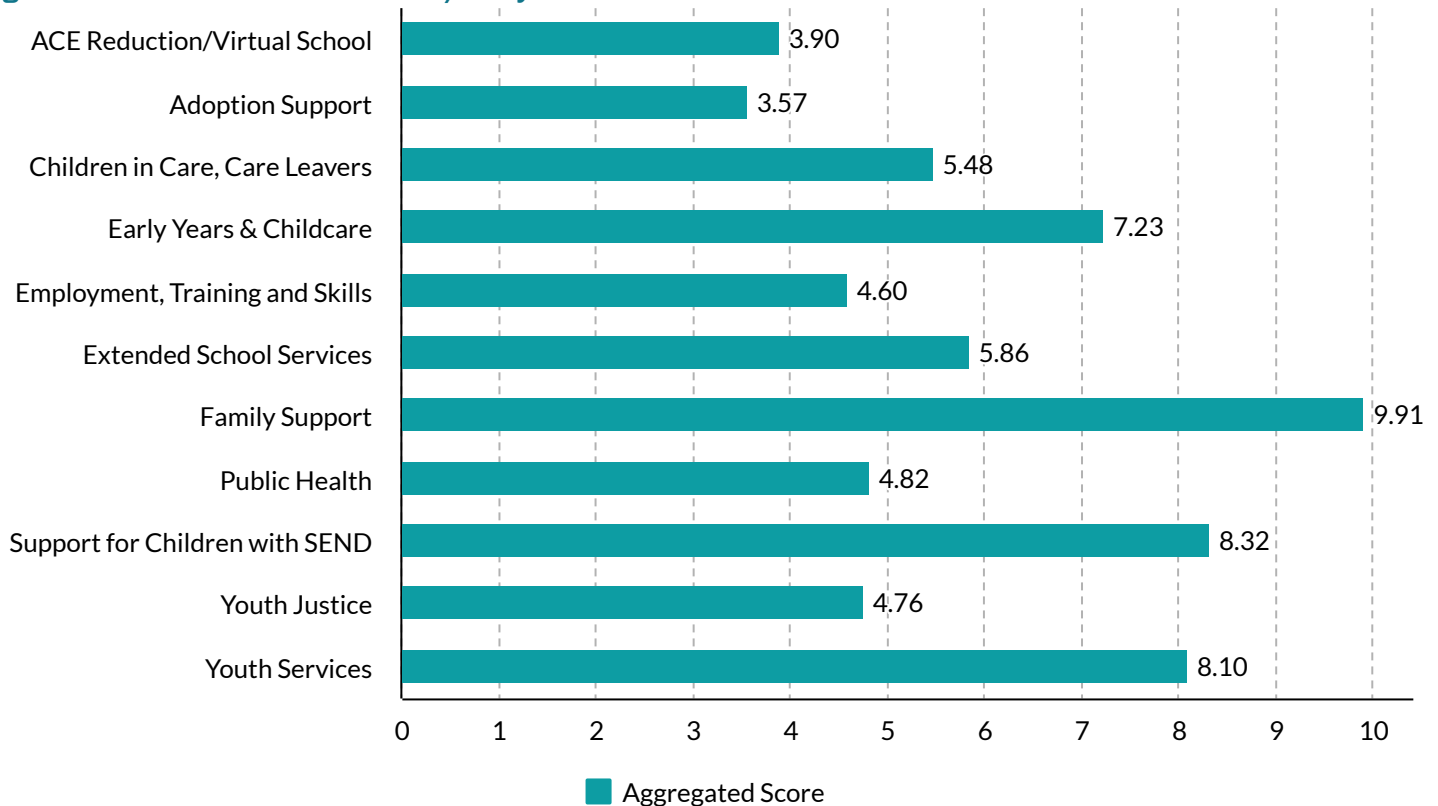
**QUESTION 12: What proportion of your local authority's budget for Children's Social Care do you believe should be spent on services which could be described as Preventative/Early Intervention?**



■ Less than 10% (5%) ■ Between 10% and 25% (33%) ■ Between 25% and 50% (57%) ■ More than 50% (5%)

Respondents were then asked again to rank the broad list of preventative service areas according to what they felt would benefit from greater investment.

**QUESTION 13: Which areas of local authority work in Children's Social Care would most benefit from greater investment in Prevention/Early Intervention?**



Family support was overwhelmingly deemed most important with over half of respondents selecting this as their number one priority. This suggests that demand for family support services is still rising even despite this analysis showing spending has been better protected than other areas.

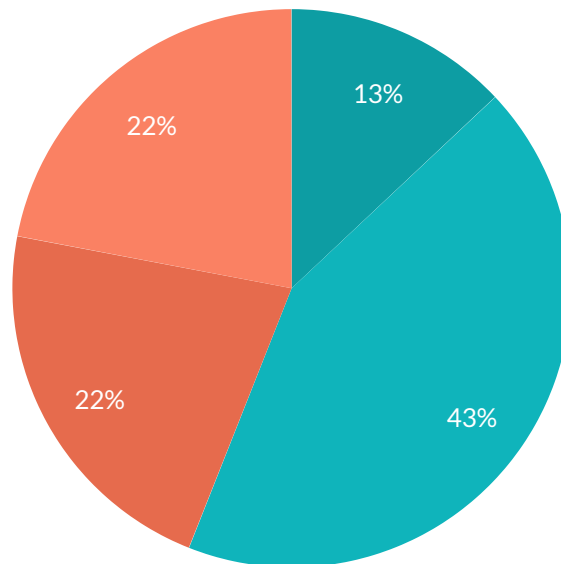
Support for children with SEND was the second highest priority, reflecting the huge budgetary pressures for SEND building in county areas which CCN highlighted in a report last year [23]. CCN members also highlighted Youth Services as an area in need of investment in keeping with the sharp decline shown earlier.

However, there was no agreement over what the best model of funding for incentivising spending on Early Intervention might be going forward.

Only a quarter of respondents believed that funding entirely situated within the local authority would best incentivise Early Intervention funding – echoing the earlier sentiments that due to the present pressures on local authority budgets such an allocation would be difficult to protect without ring fencing.

***“I think that early intervention funding needs to be ring fenced otherwise there is always going to be the risk that it is a lower priority than statutory required work.”***

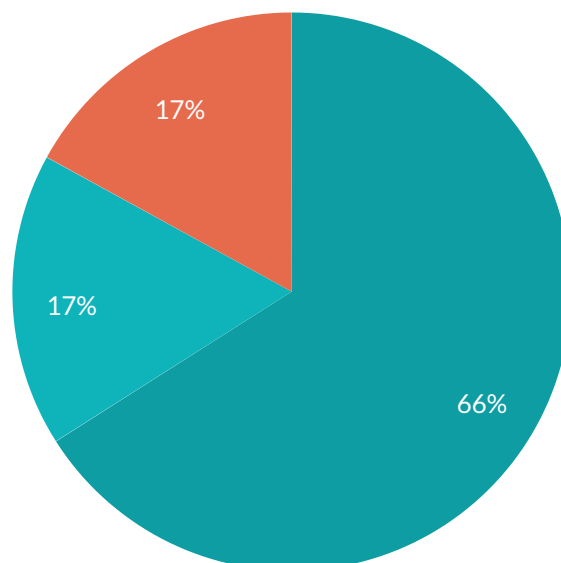
**QUESTION 14: What proportion of your local authority's budget for Children's Social Care do you believe is currently spent on services which could be described as Preventative/Early Intervention?**



■ Payment By Results Funding (13%) ■ Entirely Central Government Funding (43%)  
■ Entirely Local Authority Funding (22%) ■ Match Funding (22%)

Finally, the survey asked member authorities to consider which government department or organisation should be responsible for allocating central Early Intervention funding.

**QUESTION 15: Which department do you believe should allocate central funding for Early Intervention?**



■ Department for Education (66%) ■ Independent Agency (e.g. Early Intervention Foundation) (17%)  
■ Other (17%)

Two-thirds of respondents felt that DfE would be the best agency to co-ordinate this delivery. The remainder felt either that there should be a cross-departmental approach or that responsibility should lie



with a non-government organisation such as the Early Intervention Foundation [24]. No respondent felt any other listed department, including DWP or DHSC, would be most appropriate to perform this role on their own.

***“I would link funding to some form of criteria. Following this approach the EIF may be well placed to co-ordinate funding.”***

***“I would welcome a national conversation that seeks to develop a cross departmental early intervention strategy that is based on evidence of effectiveness with strong financial planning and budget decisions that are based on need.”***

## CONCLUSION AND RECOMMENDATIONS

### INTRODUCTION

The data collated for this report has shed light on clear trends in reducing funding and rising demand for Children's Social Care (CSC) during the last decade which, if they continue into the 2020s, will increasingly challenge local authorities' ability to deliver children's services effectively. PwC's projections in its large scale analysis last year for CCN projected that across next five years Estimated Spending Need for CSC will rise a further 26.7%, taking the total rise to 48% over the decade from 2015/16. This is higher than the Estimated Spending Need for all other local authority services [25].

In order to address this need before it emerges by stemming the flow of demand local authorities must have the means to support families before they reach lowest ebb. However, unless downward funding trends identified in this report change, there is a risk of eradicating the vital preventative services that remain in place to help pick up smaller problems of children and families, before they become larger and a more expensive burden on public services.

There has been broad cross-party consensus – achieved at the outset of the Coalition Government which commissioned the seminal reports by Graham Allen [26] – that Early Intervention makes sense. Investing in Prevention/Early Intervention not only improves the quality of citizens lives now, but also helps problems they may experience be resolved before they develop into full blown crises that are vastly costlier. Research by the Early Intervention Foundation in 2016 suggests that the cost of intervening late can be as much as £17 billion [27].

The recent election of the new Government and this autumn's Spending Review provide an opportunity to renew this cross-party commitment to the Early Intervention and take measures to address the growing issues around CSC which are being faced by local government. This final section uses the findings of this research to make recommendations for how to ensure that services are adequately funded whilst ensuring that preventative services for children and families are not only properly protected but effectively incentivised.

### ENSURING SUFFICIENT AND FAIR FUNDING FOR CHILDREN'S SOCIAL CARE

This report has shown that despite efforts to protect spending on children at a local level compared to other services, the local authorities have had to make tough choices on CSC spending. The study shows that, so far, councils have mainly focused the burden of cuts borne by CSC towards non-statutory aspects – usually preventative services.

This study has shown CCN Member Authorities have already shouldered higher proportional reductions to CSC funding than other types of council - they have lost almost 40% their funding compared to less than a third across England as a whole since 2015, and nearly double the proportional reduction in Inner London. This is despite the fact that many of CCN's members are upper-tier county authorities which

have less flexibility to shift spending priorities from lower tier non-statutory services (e.g. reducing the frequency of bin collections) to offset cuts to CSC, given the higher proportion of their budgets that is devoted to statutory social care. CCN has also previously highlighted specific spending pressures on CSC for rural counties that have emerged during the past five years such as the increasing pressure on SEND services and associated costs for Home-School Transport this brings [28].

However, if funding continues to decline at the rate of the past five years it will not be possible to avoid making cuts to even those services focused on the most vulnerable children. Arguably ASC already reached this point some years ago – but has been supported by temporary grants to help ensure services for vulnerable people have continued. This has clearly not been the case for CSC as demonstrated in Section 1.

As CCN has previously argued, whilst welcome in averting immediate collapse, Temporary Grant Funding by its very nature should not be seen as a long-term solution to funding issues. Temporary grants detract from local authorities ability to strategically plan ahead and can result in perverse outcomes that are ultimately more expensive (such as through the process of decommissioning services with associated costs and staff loss if funds are not agreed in good time). CCN makes the following recommendations:

#### **RECOMMENDATION 1:**

***Provide a long-term funding settlement for Children's Social Care***

In ASC the Government has consistently reiterated its commitment to a long-term funding solution which is widely anticipated will be set out later this year. As this report has shown it is vital that a similar long-term settlement for CSC funding is seen as a priority by the Government in the Spending Review so that LAs can plan effectively for the course of the Parliament.

#### **RECOMMENDATION 2:**

***Level up funding in County areas***

Alongside the Government's Fair Funding Review any long-term settlement for CSC funding must take into account the increased proportion of cuts which have already fallen upon CCN Member Authorities in recent years and ensure that this inequity is remedied going forward.

### **INCENTIVISING SPENDING ON EARLY INTERVENTION**

The analysis in this paper has shown that although all authorities have broadly had to reduce spending on preventative children's services to meet immediate demand, different types of local authority have had different priorities of what to cut. The data shows that in most authorities reductions in family support services have been proportionally far less than other areas of preventative spend – indeed some types of authority have even increased investment.

CCN believes much of this relative protection of family support has been due to the central investment by

the Government. Troubled Families funding has been particularly important by providing a central framework for local authorities to strategically invest in preventative services knowing that their success will provide a return on this investment.

The most recent evaluation of the Troubled Families programme in March 2019 showed it has achieved a number of positive outcomes for participants, including reducing the proportion of looked after children compared to a control group. At the time this was published by the then Secretary of State for Housing Communities and Local Government, James Brokenshire, stating publicly at that the Government was pleased with the progress being made and indicated that the programme should be renewed in the new Parliament. He also suggested that the programme might be reformed – in particular suggesting the name could be changed to make the programme less stigmatising and more inclusive [29]. The evidence from our survey suggests CCN Member Authorities strongly agree this would make it easier for councils to deliver services to the most 'hard to reach' families.

Since then Government has extended the Troubled Families programme to March 2021 with a further investment of £165m as part of the Spending Round with the future of the programme beyond this time is expected to be set out in the Spending Review. Given the extent to which this report has shown that local authorities are reliant on the funding to support local Prevention/Early Intervention approaches it is imperative the Government sets out its vision for funding preventative children's services as soon as possible so that a long-term strategic approach to prevention can be put in place at local level to last across the Parliament.

CCN believes that the evidence in this paper, including the views of CCN Member Authorities, suggest there is presently support for the new Government to refresh and extend the scope of what has been achieved by the Troubled Families programme during 2010 to become even more successful across the new decade. In particular the Government should consider how it can best incentivise spending on preventative approaches, not just in family support but across the wider menu of early intervention services – including those for young people, where issues such as poor mental health, if unchecked, are likely to cause further pressure not only on CSC but into Adult Social Care (ASC) as these young people become adults.

CCN believes that this could be done by creating a National Framework for Early Intervention. Without ring fencing grants or restricting flexibility within local authority budgets, councils could be better incentivised to invest in preventative services across the board if Government were to develop a menu of early intervention priorities that could attract similar central funding akin to the £920m set aside for the Troubled Families Programme from 2015-2020 [30].

The Government should minimise the levels of reporting and bureaucracy surrounding the programme and avoid using Payment-by-Results as much in order to reduce waste and ensure as much money as possible reaches direct services. Instead, Government should consider using the pot to deliver broader strategic investment grants for local authorities which can be directed towards specific early intervention projects in CSC. In particular it should actively classify and promote this investment as 'Social Infrastructure' funding, as it will help more children and families to reach their maximum potential and help Britain to

thrive and grow. It will also over time reduce the social care burden on the state in the future in just the same way that capital investment in, say, schools or hospitals helps prepare the country to deliver education and health more effectively and efficiently going forward.

Such a National Framework for Early Intervention should be focused on providing a 'best start in life' for children and young people through a broader menu of objectives and policy challenges such as:

- Responding to low-level adolescent mental health issues
- Improving parental mental health
- Developing language and literacy
- Encouraging positive parent/child attachment bonds
- Managing trauma recovery for children
- Promoting healthy eating
- Reducing poverty and employment
- Supporting transitions to adulthood
- Securing affordable housing

The Framework must be simple and aspirational allowing for local authorities to lead the most appropriate work locally but with the potential to obtain funding from central government where they are successful. The work should also seek to prioritise specific issues facing counties, such as around delivering services in remote areas or to 'doubly deprived' families (e.g. those in poverty living in more affluent areas) which are often overlooked by central government when developing Early Intervention strategies – for instance central funding of this sort could be used to incentivise councils to fund or match fund a specific mobile youth employment initiative in an otherwise isolated coastal town, or develop early years outreach in rural parts of their county.

CCN Member Authorities clearly supported the idea that, given its expertise in children's services, the Department for Education (DfE) should be more involved in the distribution and delivery of central funding for Early Intervention and Preventative children's services. However, given the potential scope of such central funding for investment in different areas CCN recommends that a new cross-departmental working group led by the DfE should be responsible for setting the boundaries for a National Framework for Intervention and its associated funding. The working group should include representation from MHCLG, DWP and DHSC alongside an advisory role for the Early Intervention Foundation. CCN makes the following recommendations:

### **RECOMMENDATION 3:**

**Create a National Framework for Early Intervention to direct Social Infrastructure investment to local authorities**

The Government should devote a new expanded pot of central funding to support a National Framework for Early Intervention to help incentivise investment across a full range of preventative services and approaches. This should be actively promoted as investment in 'Social Infrastructure' designed to help children and young people reach their full potential and help Britain to thrive and grow in the future.

**RECOMMENDATION 4:**

***Develop a cross-departmental model led by the Department for Education to oversee the delivery of central funding for early intervention***

Administration of a National Framework for Early Intervention should be primarily focussed on the needs of children and families and what helps them to thrive. The Government should develop a cross-departmental model led by the Department for Education and including the input of the Early Intervention Foundation in order to oversee the delivery of central funding supporting a National Framework.

**RECOMMENDATION 5:**

***Rename and rebrand the Troubled Families Programme***

In 2019 the Government indicated that the name of 'Troubled Families' could be changed to make the programme less stigmatising and more inclusive [31]. The new National Framework for Early Framework should ensure it uses positive language such as 'strengthening' or 'supporting' families to better articulate the aims of preventative approaches and ensure services are inclusive and non-stigmatising.

## APPENDIX A - TECHNICAL NOTE

Since 2013/14 several funding streams have been rolled into the SFA including Formula Funding. One objective of the analysis contained in this paper is to assess the value of the original funding streams that made up the SFA over the period 2015/16 to 2019/20, and to estimate the share of each authority's funding that could reasonably be attributed to CSC.

A number of assumptions were required for this part of the analysis. A key assumption was the method used to estimate the value of children's services funding that was originally within Formula Funding in 2013/14. A number of approaches could have been used, as the Ministry of Housing, Communities and Local Government (MHCLG) does not draw a clear link between an authority's assessed needs and its final funding. The approach employed here was relatively sophisticated, taking into account the use of 'thresholds' in MHCLG's model, but arguably there is no definitive method that should be used.

Similar assumptions were needed to assign the share of other funding streams to CSC. For CSC, funding streams included Early Intervention Funding, of which 100% was assumed to be related to children's services. A share of other non-ring fenced grants (such as Transition Grant, New Homes Bonus and the 2019/20 Social Care Grant) was assigned to both children's services and adult social care, based on this service's share of assessed needs in the 2013/14 Relative Needs Formula. Funding or revenue that was clearly unrelated to either services – such as Homelessness Prevention – were not included in the estimated funding total.

The estimated value of children's funding described here is purely notional, as implied by MHCLG's funding models and assumptions about how much could reasonably be attributed to children's services. This funding is in no way earmarked or ring fenced for these specific services. It does not reflect the actual demand pressures faced by local authorities, and therefore their patterns of expenditure on children's services.

The estimated value of certain grants within the SFA (which are no longer separately identified) differ from the 'visible lines' published by MHCLG [32]. This includes Early Intervention Funding, which was rolled into SFA in 2013/14. The 'visible lines' are purely notional figures which are unrelated to the actual cuts applied by MHCLG. For example, in 2019/20, the 'visible lines' assumed an 8.6% reduction in every authority's Early Intervention Funding.

However, this is inconsistent with the fact that MHCLG increased or decreased every authority's SFA by a different percentage in 2019/20, depending on its level of council tax revenue. LG Futures believes the method used here is more meaningful than the 'visible lines', as it replicates the actual calculations used by MHCLG to determine each authority's SFA in a given year.

Richmond-upon-Thames were excluded from the analysis due to its anomalous Formula Funding in 2013/14. This authority had *negative* funding for upper-tier Formula Funding in 2013/14, as implied by

MHCLG's SFA model. Because of this, including this authority in the model could skew the resulting group averages. Richmond is therefore excluded from the Outer London and England totals presented in the accompanying spreadsheet. The analysis also excludes City of London and Isles of Scilly.

The spending analysis in Section 2 is based on data from the section 251 returns submitted by local authorities. These were used instead of the Revenue Account (RA)/Revenue Outturn (RO) returns, as requested by CCN, as the section 251 data allows for an analysis of expenditure at a more granular level – for example, when assessing changes in expenditure on Targeted Family Support. It should be noted that different results would be obtained if RA/RO data had been used. The analysis was based on 'net' expenditure published in the actual section 251 returns and 'net current expenditure' in the budget section 251 returns.



## ENDNOTES

[1] *Adult Social Care Funding & the Spending Review* (CCN, 2019)

<https://www.countycouncilsnetwork.org.uk/download/2397/>

[2] *Independent Review of Local Government Spending Need and Funding (Technical Report)* (CCN/PwC, 2019)

[www.countycouncilsnetwork.org.uk/download/2262/](http://www.countycouncilsnetwork.org.uk/download/2262/)

[3] *Independent Review of Local Government Spending Need and Funding (Executive Summary)* (CCN/PwC, 2019)

<https://www.countycouncilsnetwork.org.uk/download/2258/>

[4] <https://www.telegraph.co.uk/news/2019/03/19/labelling-families-troubled-isolates-communities-secretary-says/>

[6] This analysis excluded City of London and Isles of Scilly. It also excluded Richmond-upon-Thames which was found to have negative upper-tier Formula Funding in 2013/4.

[7] <https://www.publicfinance.co.uk/opinion/2020/02/next-budget-must-put-children-first>

[8] *Children Looked After in England including Adoption* (ONS, 2019)

<https://www.gov.uk/government/statistics/children-looked-after-in-england-including-adoption-2018-to-2019>

[9] *Independent Review of Local Government Spending Need and Funding (Executive Summary)* (CCN/PwC, 2019)

<https://www.countycouncilsnetwork.org.uk/download/2258/>

[10] Allen, G - *Early Intervention: The Next Steps* (HM Government, 2011)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/284086/early-intervention-next-steps2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/284086/early-intervention-next-steps2.pdf); and

Allen, G - *Early Intervention: Smart Investment, Massive Savings* (HM Government, 2011)

<https://www.gov.uk/government/publications/early-intervention-smart-investment-massive-savings>

[11] Munro, E - *The Munro Review of Child Protection, Final Report: A child-centred system* (Department for Education, 2011)

<https://www.gov.uk/government/publications/munro-review-of-child-protection-final-report-a-child-centred-system>

[12] Both Allen's 2011 reports *Early Intervention: The Next Steps* and *Early Intervention: Smart Investment, Massive Savings* (see endnote 10) were both endorsed by all three then party leaders

[13] Payne, L & Rallings, J - *The Case for Early Support* (Barnardo's, 2016)

<https://www.barnardos.org.uk/sites/default/files/uploads/case-for-early-support.pdf>

[14] <https://www.eif.org.uk/what-its-about>

[15] *Early action: landscape review* p.10 (National Audit Office, 2013 (b))

<http://www.nao.org.uk/wp-content/uploads/2013/03/Early-Action-full-report.pdf>

[16] "Sure Start" included the following 251 expenditure lines - Individual Sure Start Children's Centres; LA management costs relating to Sure Start Children's Centres; LA services delivered through sure start.

[17] "Other Prevention" consisted of the following 251 expenditure lines - Direct payments; Other support for disabled children; Short breaks (respite) for disabled children; Other children and families; Respite for looked after disabled children.

[18] The Troubled Families Programme (England) (House of Commons Library Briefing, 2020)

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7585>

[19] <https://troubledfamilies.blog.gov.uk/2019/05/03/earned-autonomy-one-year-on-creating-a-more-sustainable-early-help-system/>

[20] <https://www.theguardian.com/society/2018/feb/20/childrens-centres-closed-austerity-council-cuts-tracy-brabin>

[21] *Youth And Consequences - A report examining local authority expenditure on youth services in England and Wales* (YMCA, 2018)

<https://www.ymca.org.uk/wp-content/uploads/2018/04/Youth-Consequences-v0.2.pdf>

[22] *Briefing - Children's Mental Healthcare in England* (Office of the Children's Commissioner, 2017)

<https://www.childrenscommissioner.gov.uk/wp-content/uploads/2017/10/Childrens-Commissioner-for-England-Mental-Health-Briefing-1.1.pdf>

[23] *CCN Analysis - Special Educational Needs & Disabilities: The Challenge Facing Counties* (CCN, 2019)

<https://www.countycouncilsnetwork.org.uk/download/2314/>

[24] N.B. – such a role was initially scoped as a potential function for the Early Intervention Foundation in the recommendations made for its establishment in the Graham Allen reports (see endnote 10).

[25] *Independent Review of Local Government Spending Need and Funding (Executive Summary)* (CCN/PwC, 2019)

<https://www.countycouncilsnetwork.org.uk/download/2258/>

[26] Both Allen's 2011 reports *Early Intervention: The Next Steps* and *Early Intervention: Smart Investment, Massive Savings* (see endnote 10) were both endorsed by all three then party leaders

[27] *The Cost of Late Intervention* (Early Intervention Foundation, 2016)

<https://www.eif.org.uk/report/the-cost-of-late-intervention-eif-analysis-2016>

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<https://www.countycouncilsnetwork.org.uk/download/2314/>

*CCN Analysis - SEN Home to School Transport* (CCN, 2018)

<https://www.countycouncilsnetwork.org.uk/download/1872/>

*CCN Analysis - Home to school transport in county areas* (CCN, 2018)

<https://www.countycouncilsnetwork.org.uk/download/1585/>

[29] <https://www.telegraph.co.uk/news/2019/03/19/labelling-families-troubled-isolates-communities-secretary-says/>

[30] *The Troubled Families Programme (England)* (House of Commons Library Briefing, 2020)

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7585>

[31] <https://www.telegraph.co.uk/news/2019/03/19/labelling-families-troubled-isolates-communities-secretary-says/>

[32] *Core spending power: final local government finance settlement 2019 to 2020*

<https://www.gov.uk/government/publications/core-spending-power-final-local-government-finance-settlement-2019-to-2020>



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