Written evidence submitted by the Local Government Association

Transforming children’s services inquiry

We would like to set out the LGA views ahead of your evidence session with officials from the Department for Education (DfE) and the Government’s Chief Social Worker for Children and Families on 4 February on children’s services. As the national and cross-party voice of local government, we work with councils to support, promote and improve local government services. Making sure all children and young people have the bright future they deserve is a key ambition of every council.

We responded to the recent National Audit Office (NAO) report on children’s social care noting that it rightly recognises the huge demand that councils are experiencing while attempting to manage significant funding reductions. We however had some concerns with the NAO analysis:

Link between spending and quality

The National Audit Office report demonstrates the inherent difficulties in assessing quality, and particularly the impact of spend on quality, from the data available to the DfE and Ofsted. The report highlights that levels of deprivation, for example, have a significant impact on levels of child protection activity and subsequent spend in a council area, but this information is not available from a simple comparison of children’s services budget alongside an Ofsted rating. It is also difficult to accurately assess the impact of spend on the quality of children’s services when that quality is measured entirely on the result of an Ofsted inspection that may have taken place up to five years previously. Services rated inadequate, for example, are often highlighted as particularly high spenders, but this is often due to the significant cost involved in turning around a service after it has been found inadequate.

Impact of children’s centre closures

The analysis of children’s centre closures within the report is also problematic. Many areas that have closed children’s centres continued delivering many of the same services, from a different site (for example moving into a local library) or sometimes in a different way. In some cases, the savings made as result of no longer needing to rent or maintain those buildings has actually allowed more direct investment in services for children and families. The NAO appears to suggest that children’s centres can be used as a proxy for all preventative services, with an implication that the impact, or lack of, from closing a children’s centre could be read across to other types of preventative services. It is problematic that there is no analysis of what happened to the services which were delivered through the centres, which should be the starting point in any discussion about preventative services. As above, this evaluation does have some use in highlighting the difficulty of assessing the impact of this provision from the data that the Department holds, but it cannot be used to draw any firm conclusions in and of itself.

LGA analysis has found that nine in 10 councils had to spend more than they had budgeted for children’s social care last year, a total of 133 out of 152 councils’. This amounted to an overspend of more than £800 million. From large rural counties to
smaller inner city boroughs, councils consistently tell us that demand for children’s services alongside reduced government funding is putting their budgets under enormous strain. Our own research found that the majority of spend variation between councils was due to wider economic or geographic circumstances largely outside their control. The most urgent and pressing issue is not variability but the very real funding crisis facing vital children’s services across the country, which face a funding gap of £3.1 billion by 2025.

This is forcing many to cut the early intervention services which can help children avoid needing more serious and costly care later on. We recently submitted written evidence to the Ministry of Housing Communities and Local Government Committee on the funding of children’s services\textsuperscript{ii}. Our submission highlighted:

**Role of councils**

- Local authority role in children’s services should go beyond the provision of statutory child protection services alone. Children should be supported to get the best, not just left to get by. However, this ambition is becoming increasingly difficult to realise as financial pressures force increasing numbers of councils to make difficult decisions about the allocation of scarce resources.

**Rising demand in protecting vulnerable children**

- Councils have worked tirelessly to protect support for vulnerable children, and have increased their spending on children’s social care by almost 10 per cent over the past four years to a record £8.8 billion in 2017/18, an increase of more than £750 million from 2014/15\textsuperscript{iii}.

- Spending on children’s social care has increased at a faster rate than any other area of council business. All areas except adult social care have seen a reduction in spending, yet councils had to spend in excess of £800 million more than they had budgeted for children’s social care during the last year alone\textsuperscript{iv}. This underlines the urgent need for a sustainable funding solution.

- Although local authority spending on children’s social care has risen, it has not kept pace with growing demand. Children entered care at a rate of 88 a day last year\textsuperscript{v}, and a child is now referred to children’s services every 49 seconds\textsuperscript{vi}.

- 73 per cent of all council spending on children’s social care is now directed towards services for looked after children and safeguarding children and young people. According to the latest revenue outturn (RO3) returns of local authority spend, just five per cent of children’s social care funding is now spent on the category of Sure Start children’s centres / flying start and early years\textsuperscript{vii}.

**Funding**
The significant increase in demand for statutory child protection support has coincided with a significant fall in government funding for councils, forcing local authorities to make large cuts to other services in order to continue providing support for the most vulnerable. Between 2010 and 2020, councils will have lost £15 billion of core central government funding, amounting to 60p out of every £1 the Government had provided for services. Children’s services are facing a funding gap of £3.1 billion by 2025, just to maintain services at their current level. This does not allow for any enhancements in services.

Alongside these wider pressures, research from the ISOS Partnership for the LGA has found that the projected shortfall facing vital services for children with special education needs and disabilities in England will be just under £500 million in 2018/19 and this funding gap could rise to £1.6 billion by 2021. This is more than double the gap councils faced the previous year as they struggle to cope with rising demand for support. We are calling on the Government to address the lack of funding for supporting children with special educational needs and disabilities (SEND) in this year’s Spending Review.

Please see our written evidence to the MHCLG Committee for more information on pressures facing children’s services.

It is vital that the Government responds to the urgent warnings that children’s services are now at a tipping point by using the upcoming Spending Review to deliver a long-term strategy that enables councils to meet the growing need for support from some of the most vulnerable children in society.

Thank you for the opportunity to outline local government’s views on children’s services.

January 2019

---

3 Local authority revenue expenditure and financing statistics: https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing
7 Local authority revenue expenditure and financing statistics: https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing