

Children's Commissioner for England

- Pre-Budget Briefing 2018

Introduction

The Government currently spends almost £130bn a year on children, this equates to about £11,000 for every child in England. It also means that children account for about 26% of a total government spend of approximately £502bn.

This briefing covers four major areas of spend on children: education, welfare, health and children's services. Within each area, it outlines how much the Government spends, how this has changed over time, and, crucially, which children this supports.

Major Areas of Government Spending on Children					
	Current Forecast Spend (bn) (2017/18)	% of total spending on children	Current forecast Spend per Child (2017/18)	% change (per child) 2000/01-2019/20	% change (per children 2009/10 – 2019/20)
Education	£52.6	41%	£4,434	43%	-3%
Welfare	£59.3	46%	£4,995	33%	-17%
Health(1)	£9.3	7%	£800	n/a	n/a
Children's Services	£8.6	7%	£728	60%	-20%
Total	£129.8	100%	£10,957	39%	-12%
(1)Figures for health are for 2015/16 (in 2017/18 prices). Limitations on the available data mean that the analysis is unable to report more recent figures, or say how this has changed over time.					
The two major areas of spending on children excluded from this briefing are policing and youth justice. Children account for considerable spend in these areas, but this is poorly quantified and so the IFS was not able to include it within their analysis.					

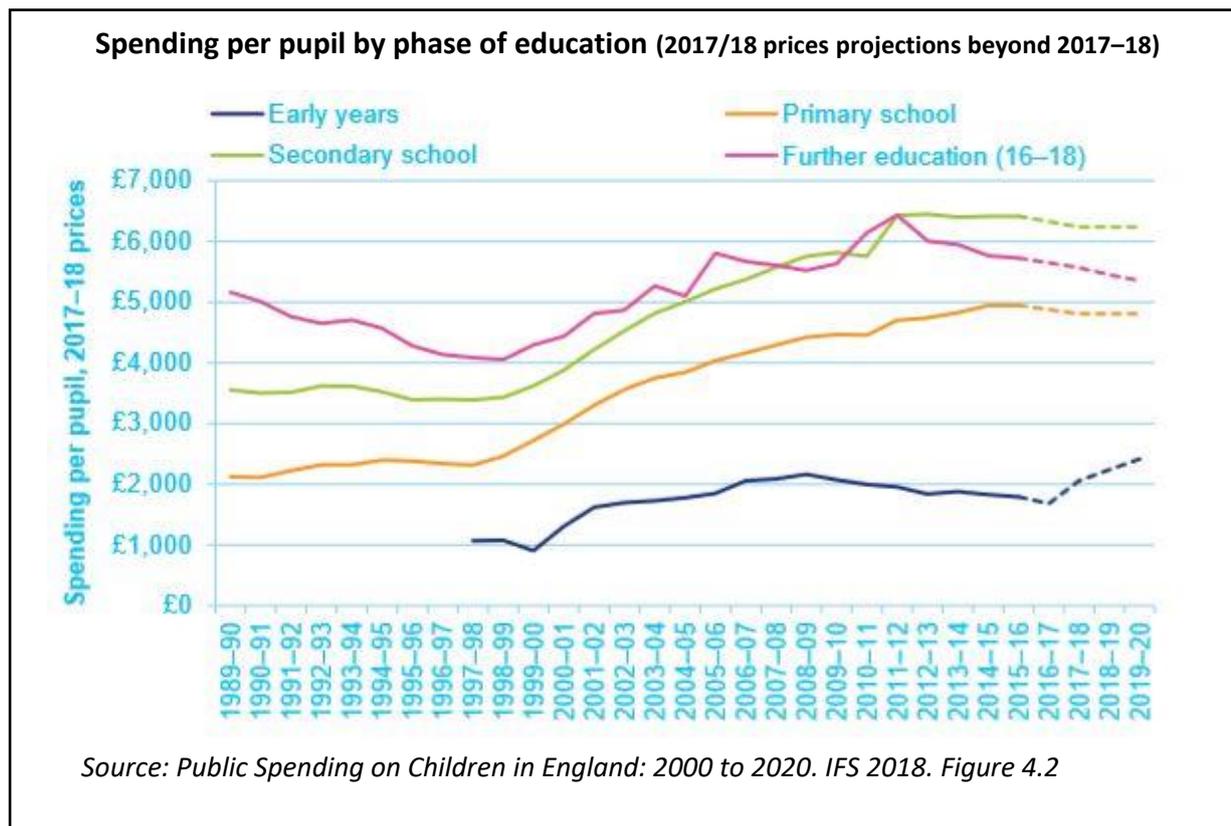
A note on the figures: unless otherwise stated, all figures in this report come from "Public Spending on Children in England: 2000 to 2020", a report commissioned by the Children's Commissioner from the Institute for Fiscal Studies, and published in June 2018. The full report can be read here:

<https://www.childrenscommissioner.gov.uk/publication/public-spending-on-children/>

Education Funding

The education budget in England is just under £53bn (2017/18). The vast majority of this goes to schools; with about £3.5bn going both to further education and early years, and about £5.5bn forming the high needs budget.

BY 2019/20 the IFS expect spending per-pupil to be 43% higher than in 2000, but 3% lower than in 2010. The graph below shows the changes in per-pupil funding for each stage of education over the last 30 years.



High Needs Funding

The high needs budget is £5.5bn (2017/18 forecast), from which local authorities are expected to support all children with special educational needs from early years through to age 25. This includes additional help delivered within schools, nurseries or at home (such as speech and language therapy) right through to highly specialised residential schools. It also includes the funding of Pupil Referral Units and Alternative Provision.

The budget has increased by 8% since 2013/14 (when it was first established in its current form). However, within this has been growing pressure on this budget caused by increases in the numbers children attending special schools. Since 2012 there has been an increase of 17,300 children in special schools driven by an increase of nearly 11,000 children with autism attending special schools and an increase of nearly 3,000 pupils with severe learning difficulties in mainstream schools. According to the latest statistics there are 119,000 children in special schools and a further 39,600 children enrolled in Alternative Provision or Pupil Referral Unitsⁱ. Each of these placements costs at least £10,000 and often moreⁱⁱ.

All of this reduces the funding available to local authorities to support children within schools and other mainstream education, funding services such as school counselling and educational psychologists. As a result, these services may be cut-back or funded from core school budgets.

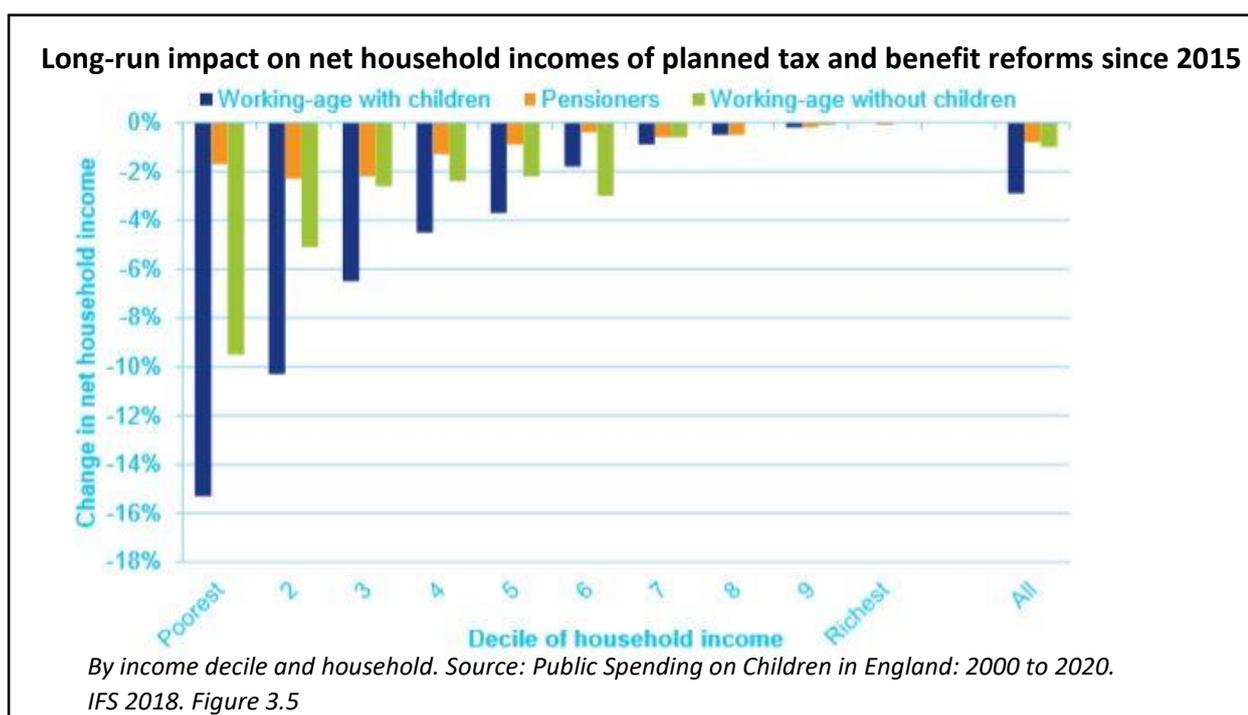
Welfare Spending

Total welfare spending in England was £184billion in 2017-18, of this £59 billion went to families with children. This means welfare payments to families with children make up less than a third of total welfare spending, despite the fact that children have much higher rates of poverty than other parts of the population. In 2016-17, 30% of children were in poverty, compared to 18% of the working-age population, and 16% of pensioners. The value of child benefit has fallen 17% since 2009-10, while the value of the state pension has risen by 54%.

Summary of Spending on Benefits to Households with Children			
	Forecast Spend 2017/18	Percentage real-term change in spend 2000/01 to 2019/20	Percentage real-term change in spend 2010/09 to 2019/20
Tax Credits	£22.3bn	312%	-17%
Child Benefit	£9.7bn	-10%	-17%
Housing Benefit	£9.7bn	79%	10%
Childcare	£1.75bn	577%	-9%
Out-of-work benefits	£5.7bn	-56%	-30%
Non means-tested disability benefit	£3.6bn	31%	113%

2017/18 prices. Source: Public Spending on Children in England: 2000 to 2020. IFS 2018. Table 3.1

Overall welfare spending related to children has fallen 17% since 2009/10 though it remains high in historical terms. Despite this, the benefit cuts implemented since 2010 have had a significant impact on rates of child poverty. In a separate report published last year, the IFS estimated that cuts announced, but yet to be implemented (largely those to universal credit), mean an additional 400,000 children are likely to enter poverty by 2021ⁱⁱⁱ. The graph below shows the long-run effect of benefit reforms to be implemented post 2015. Coming on top of cuts implemented between 2010 and 2015, these changes will impact families with children much more than other groups; families in the lowest income decile seeing a 15% reduction in their net incomes.



Children's Services Spending

Overall children's services spending was £8.6bn last year, down from a peak of £9.7bn in 2009/10. The IFS estimate that by 2019/20, the children's services budget will have fallen by 14% from 2010, when we account for a growth in the number of children, this equates to a per-child cut of 20%.

Within the children's services budget there are four distinct budgets.

- 1) Spending on Looked after Children – about £4bn last year, up 22% in real terms since 2010, due to an increase in the population of children in care.
- 2) Spending on Safeguarding and Family Support – about £3.3bn last year and largely unchanged in real terms since 2010.
- 3) Spending on Children's Centres/Surestart – about £0.7bn last year, a fall of 60% in real terms since 2010.
- 4) Spending on "Young People" (including youth services and youth justice) – about £0.5bn last year, again a fall of 60% in real terms since 2010.

What children is this supporting?

Children's Services spending is supposed to support all children within a local authority in order for them to fulfil their statutory duty to *"(a)to safeguard and promote the welfare of children within their area who are in need; and (b)so far as is consistent with that duty, to promote the upbringing of such children by their families, by providing a range and level of services appropriate to those children's needs"* (Children's Act 1989, Sect 17).

Each year, there are about 700,000 children who are on the 'Child in Need' (CIN) register at any point during the year^{iv}. In addition, there are also 250,000 referrals made to Children's Services each year which do not meet the threshold for intervention. The major factors which lead children to be considered 'in need' are domestic violence or emotional abuse within the home, poor parental mental health, drug or alcohol abuse and neglect.

However, within the 700,000, the numbers of children getting sustained support is much lower:

- Children in care are a sub-set of the children in need population. The number of children in care has risen steadily since 2007. There were 82,500 children in care at any point in 2008, this had risen to 102,590 at any point in 2017. Children in care make up 15% of the annual CIN population, yet account for nearly half of total children's services spending.
- Child Protection Plans are also a sub-set of the children in need population. Last year there were 69,000 children who started a child protection plan, with about 54,000 children on a plan at the 31st March 2018.
- About 10% of children in need are on the list because their primary need relates to a disability which requires support from the council.

This leaves the overwhelming majority of children considered 'in need' – as well as their families - getting temporary and ill-defined support; 62% of children placed on the child in need register come off the register within six-months, meaning that the CIN population at any one time is about 400,000. Each year more than 100,000 children are re-referred within 12 months of a previous referral.

Overall Impact

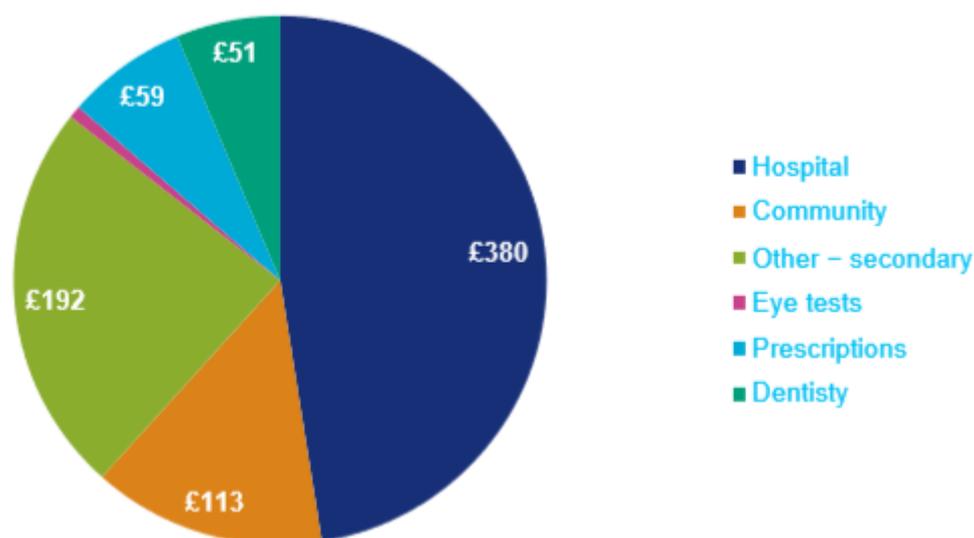
Reductions in the budgets for youth services and children's centres, combined with big increases in spend on children in care, mean that there is significantly less funding available for children with additional needs, but not either in care or on a child protection plan. We estimate that currently 87% of the children's services budget is spent on children who have reached the statutory threshold for intervention.

Healthcare Spending on Children

Physical Health

Data on health spending for children in England is very poor. NHS England has no accurate data on how much it spends on children, or what outcomes they achieve. For the research the Children's Commissioner commissioned from the Institute of Fiscal Studies, a range of data sources^v were combined to estimate £9.3bn a year is spent on children. This excludes mental health (see below), spending by GPs and public health (including health visitors) as data on these was not available, or not comparable. Excluding these areas of spend, the NHS spends about £800 per child, broken down as follows:

Total estimated health spending per child in 2015–16 (£800 per child in 2017–18 prices)



Source: *Public Spending on Children in England: 2000 to 2020. IFS 2018. Figure 6.9*

Mental Health

The latest figures from NHS England show that last year, £687m was spent by CCGs on children's mental health^{vi}. In addition, NHS England directly funds children's in-patient care, but does not publish a figure for this. CCG spending on children's mental health accounts to about £55 per child.

In contrast, CCG's spent over £10bn on mental health services meaning that children's mental health spend equates to less than 7% of total mental health spending, despite children making up 20% of the population. This inequality is also borne out in the relative service that adults and children receive. During the period that the 'Future in Mind' programme is aiming to increase the capacity of CYPMHS by 70,000, adult IAPTS service will increase by 600,000^{vii}. The latest monthly adult IAPTS data shows about 90% of adults entering treatment within six weeks^{viii}. The latest NHS England data for children (from 2016) showed 9% entering treatment within six weeks. Just 25% of children with a clinically diagnosable condition currently receive treatment. The NHS' ambition is to raise this to 35% of children by 2020/21^{ix}

Conclusion

Across the board, spending on children increased considerably between 2000 and 2010. Since then there has been some retrenchment, as there has been across Government. Yet with the exception of welfare spending, the major areas of spending on children have been broadly resilient during this time. It is when we look beyond the headline budgets that we can identify the, often smaller budgets, which are under most pressure; for example, the 60% cut to funding for children's centres.

At the same time there are budgets which have been protected in real terms – such as child protection and high-needs – yet have been put under huge strain by a change in the needs of the population they are serving. The result is an increasing proportion of these budgets are spent on a much smaller population of children, significantly reducing the resources available to support children with additional needs that are yet to reach crisis point.

Often it is the same child who is impacted by each of these budget changes. The family who would benefit from accessing a children's centre are the same family who would benefit from low-level support from children's services, and sadly, the children in these families are much more likely to have low-level SEND. It is, therefore, a minority of children and families who have borne the brunt of multiple budgets cuts, leaving these families in a position where no support is available until they reach crisis point. Perversely, the services that could support these children – support delivered in the home or within a mainstream school – could be delivered at a fraction of the cost of the intensive interventions, on which we are spending increasing amounts.

References

ⁱ <https://www.childrenscommissioner.gov.uk/wp-content/uploads/2017/11/BRIEFING-Falling-through-the-gaps-in-education-CCO.pdf> (p8) and Department for Education (2018), Schools, pupils and their characteristics: January 2018.

ⁱⁱ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/462503/HighNeeds_AP_Guide_0.4.pdf

ⁱⁱⁱ <https://www.ifs.org.uk/publications/10029>

^{iv} https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751092/Characteristics_of_children_in_need_text_2018.pdf

^v For a detailed breakdown of the methodology used, please see pages 38-39 of the CCO's IFS research.

^{vi} <https://www.england.nhs.uk/publication/mental-health-five-year-forward-view-dashboard/>

^{vii} <https://www.england.nhs.uk/wp-content/uploads/2016/02/Mental-Health-Taskforce-FYFV-final.pdf> & <https://www.england.nhs.uk/mental-health/adults/iapt/>

^{viii} <https://digital.nhs.uk/data-and-information/publications/statistical/psychological-therapies-report-on-the-use-of-iapt-services>

^{ix} <https://www.england.nhs.uk/wp-content/uploads/2016/07/fyfv-mh.pdf>