




A long road to recovery:

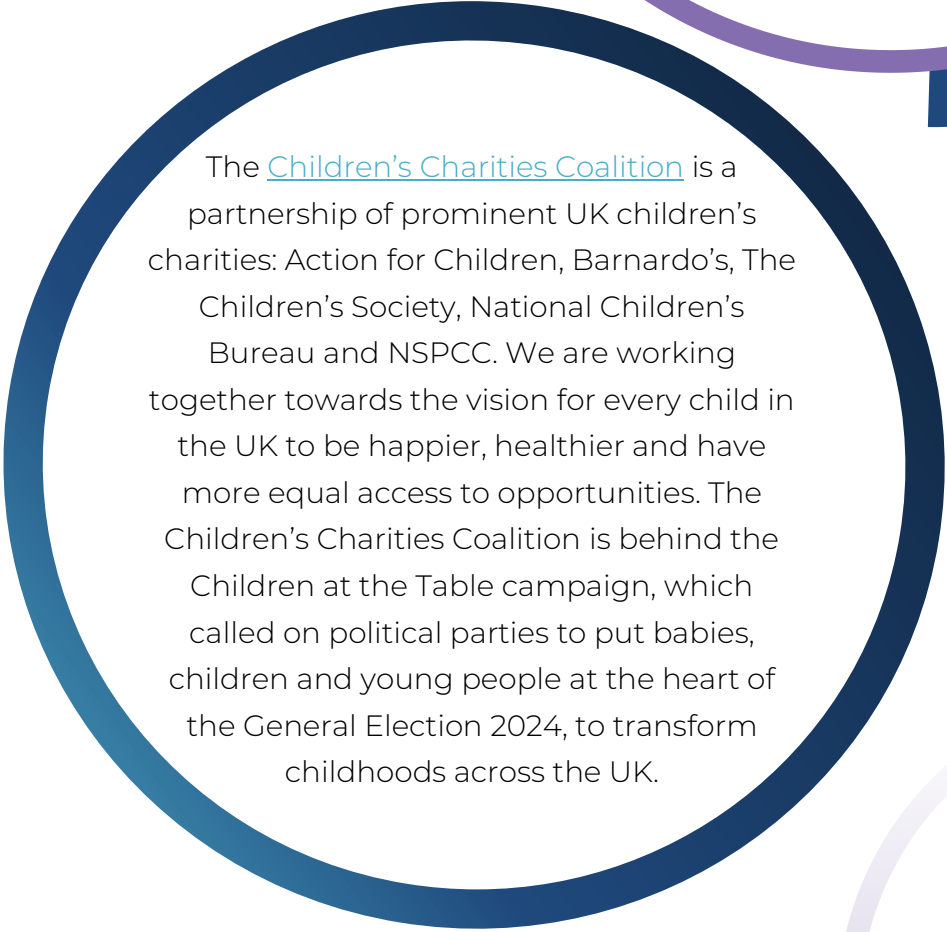
Local authority spending on early intervention children's services 2010/11 to 2023/24

April 2025


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PBE is a think tank that uses economics to improve lives. Through analytical expertise and a close connection with the social sector, we help charities, funders, firms and policymakers tackle the causes and consequences of low wellbeing in the UK. PBE works closely with the economics profession to achieve its aims, building relationships between over 600 economist volunteers and supporting over 600 charities and social purpose organisations since 2009.



The [Children's Charities Coalition](#) is a partnership of prominent UK children's charities: Action for Children, Barnardo's, The Children's Society, National Children's Bureau and NSPCC. We are working together towards the vision for every child in the UK to be happier, healthier and have more equal access to opportunities. The Children's Charities Coalition is behind the Children at the Table campaign, which called on political parties to put babies, children and young people at the heart of the General Election 2024, to transform childhoods across the UK.



We would like to express our gratitude to the representatives of local authorities and the parents who contributed to this research, without whom this report would not have been possible.



Contents

Summary	4
Introduction	8
Section 1: The long-term decline in spending on early intervention children's services	10
Section 2: Funding cuts and rising demand have forced local government to make difficult spending decisions	21
Section 3: Policy change, recovery and risks	27
Conclusion	35



Summary

Early intervention services play an important role in delivering positive outcomes for babies, children, young people and their families. Mainly funded and provided by councils in England, they cover a range of age and needs-based interventions, support and services.

Early years services focus on supporting the healthy development of babies and young children alongside relevant parental support. Increasingly, these services are being integrated into Family Hubs alongside a wider range of family support and youth services. These include public health initiatives, housing, debt and welfare advice, support for children with special educational needs and/or disability, and their families, and other more intensive aspects of family support and outreach, such as domestic abuse or parental substance misuse interventions.

For older children and teenagers, universal services for young people tend to involve the provision of educational or leisure-based recreational activities, such as youth clubs and holiday activity programmes. More targeted youth services focus on addressing emerging needs such as school exclusion, substance misuse, teenage pregnancy, or reducing the risk of youth offending or criminal exploitation.

Despite the clear importance of these services, our analysis shows that related spending has fallen by more than £2 billion in real terms since 2010/11, a decrease of 42%. Crucially, we find that these reductions have been highly uneven in their distribution. Spending per child has fallen by more than half (53%) in the most-deprived local authority areas, amounting to a reduction of more than half a billion pounds. Conversely, the least-deprived areas have reduced spending by less than one third (30%), equivalent to less than £200 million.

Changes to spending have also been unequal in other important ways. Expenditure on family support services has grown by 43%, while spending on young people's services and children's centres has each fallen by more than 70%, leading to the loss of hundreds of youth and children's centres. The impact on service providers has also been unevenly distributed, with the voluntary sector particularly affected. Expenditure on voluntary sector provision has fallen by more than £200 million, a reduction of almost two-thirds (65%).

Dwindling early intervention budgets, resulting from reductions in local government funding coupled with escalating demand and cost pressures, have coincided with worsening outcomes for children and young people. The number of children in care has increased by around 40% in two decades, levels of child poverty and homelessness have risen, and the mental health and happiness of children and young people has deteriorated significantly.

Increased funding for local government in recent years, coupled with plans for broader funding reforms and promises to tackle wider policy issues, such as child poverty, offer a glimmer of hope. Additionally, a renewed commitment to recalibrating children's services towards a more preventative approach has been matched with modest growth in spending on early intervention services in the 2020s. Taken together, this combination of policy interventions and increased investment indicate a positive change of direction from central and local government.

However, the road to recovery is likely to be long, and several challenges put this emerging recovery at risk. The current scale of spending commitments for early intervention are unlikely to be sufficient to deliver on the ambition to rebalance the system away from high-cost, late interventions. Alongside this, councils face several practical challenges to service reform. Clearly, the areas hardest hit by historic cuts are likely to lag behind their better-placed counterparts, while some local authorities we consulted were concerned about ways to manage the integration of targeted early

help services with child protection work in a way that ensured an appropriate balance between the two.

Meanwhile, demand and cost pressures on local government are likely to continue to escalate. Government plans to intervene in the children's residential care market may bring some of this under control in the medium term, but it is unlikely that it will alleviate financial pressures on local councils in the short term. This means that any investment in early intervention is likely to run in parallel with continued increased spending on late intervention services. With the latest forecasts from the Office for Budget Responsibility (OBR) implying that any public spending increases in the next few years are likely to be small, the future of further investment in local government and early intervention services is uncertain.

While some of this uncertainty may be mitigated by plans to provide councils with multi-year funding settlements, it remains difficult to see how spending on early intervention services will get anywhere near historic levels. Moreover, without more robust protection, the budgets of early intervention services are likely to be highly vulnerable should councils be forced into further spending reductions.

This scenario risks sending us back down a path that has left so many babies, children, young people and their families fighting a losing battle against some of life's biggest challenges without timely care and support.

Council spending on early intervention services has fallen by over £2bn since 2010/11

In 2023/24, per-child spending on preventative services was £209, down from £379 in 2010/11

The most deprived councils have reduced spending by more than half, while, in the least deprived it, has reduced by less than one third

Spending on early intervention has increased by over £300 million since 2020 but is still 42% lower than it was in 2010/11

Introduction: A generation shaped by turmoil

The current generation of babies, children and young people has faced a lifetime of economic, social and political challenges, perhaps unmatched in the post-war era. The financial crisis, a stagnant economy, significant reductions in public spending, Brexit, a pandemic, the cost of living crisis and the impact of climate change have radically changed the shape of children and young people's lives in the UK.

In this context, it is perhaps unsurprising that outcomes for the current generation of children and young people in England have deteriorated on so many fronts.

Since the start of the 2010s, child poverty has grown significantly. Most recent figures show that 3.8 million children in England currently live below the poverty line. This is an increase of around 600,000.¹

The worsening of life circumstances for children can also be seen among England's homelessness statistics. In late 2024, the number of children living in temporary accommodation hit a record high of more than 160,000, up 28% since the start of the pandemic and more than double (139%) the lowest point recorded in 2011.²

The mental health and wellbeing of children has also been in sharp decline in recent years. It has been estimated that, in 2023, one in five (20%) 8–16 year olds had a probable mental disorder, up from one in eight (12.5%) in 2017. Among 17–19 year olds, the change has been even more worrying, with the number rising to almost one in four (23%) in 2023 from one in 10 (10%) in 2017.³ Average wellbeing scores for 10–15 year olds have also fallen over the long term, leaving one in four (25%) 15 year olds with low levels of life satisfaction.⁴

¹ Department for Work and Pensions, [Households below average income: for financial years ending 1995 to 2024, HBAI data table: 4.17ts](#), March 2025

² Ministry of Housing, Communities and Local Government, [Statutory homelessness England Level Time Series](#), February 2025

³ NHS Digital, [Mental Health of Children and Young People in England, 2023 - wave 4 follow up to the 2017 survey](#), November 2023

⁴ The Children's Society, [The Good Childhood Report 2024](#), August 2024

Perhaps most indicative of the increasingly challenging state of life for children, young people and families in England, is the growing number of children in care, which is now almost 40% higher than it was 20 years ago.⁵

This leads to two basic questions: how do we, as a society, help our children and young people navigate this changing world? What support do we want to have for babies, children and young people and their families to ensure they get the best possible start?

This report marks the fifth edition of our annual analysis of Local Authority spending on children's services. We have analysed published data on children's services spending and included insights from those directly involved in children's services – both professionals working within local government and individuals with lived experience of early intervention services.

The report has three sections:

- The first examines changes in early intervention spending between 2010/11 and 2023/24
- The second explores the context for these changes, namely the broader financial and demand challenges facing local government in England
- The third considers recent policy developments that signal a shift in direction, assessing the risks to this emerging policy agenda and identifying considerations for central and local government

⁵ Department for Education, [Children looked after in England including adoptions, Reporting year 2024](#), November 2024

Section 1: The long-term decline in spending on early intervention children's services

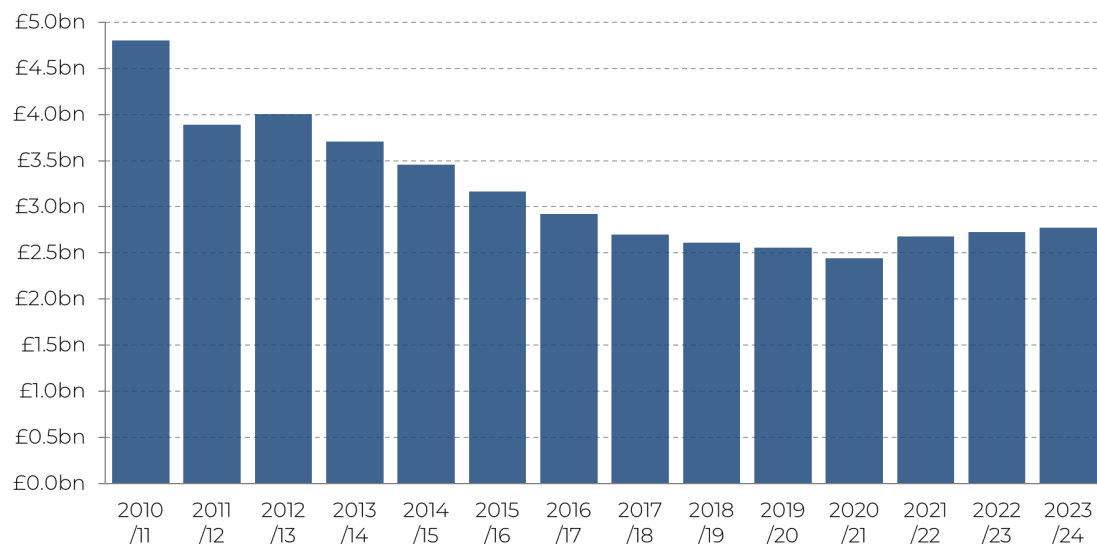
In this section, we explore the significant reductions in early intervention spending by local authorities and identify the uneven distribution of those reductions, highlighting the impact on the most-deprived areas and the potential widening of inequalities as a result.

Council spending on early intervention children's services remains far below historical levels.

As outcomes for children and young people have steadily deteriorated over the past decade and a half; so, too, have many of the services designed to support them and their families.

Figure 1. Council spending on early intervention services has fallen by more than £2 billion since 2010/11.

Total real-terms gross expenditure on early intervention children's services by local authorities, England, 2023/24 prices



Notes: Total value of early intervention spending is the sum of local authority expenditure on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/24

Our analysis of council spending on early intervention services shows a significant reduction since the start of the previous decade. As shown in Figure 1, between 2010/11 and 2023/24, council spending on early intervention services fell by more than £2 billion, a decline of 42%.

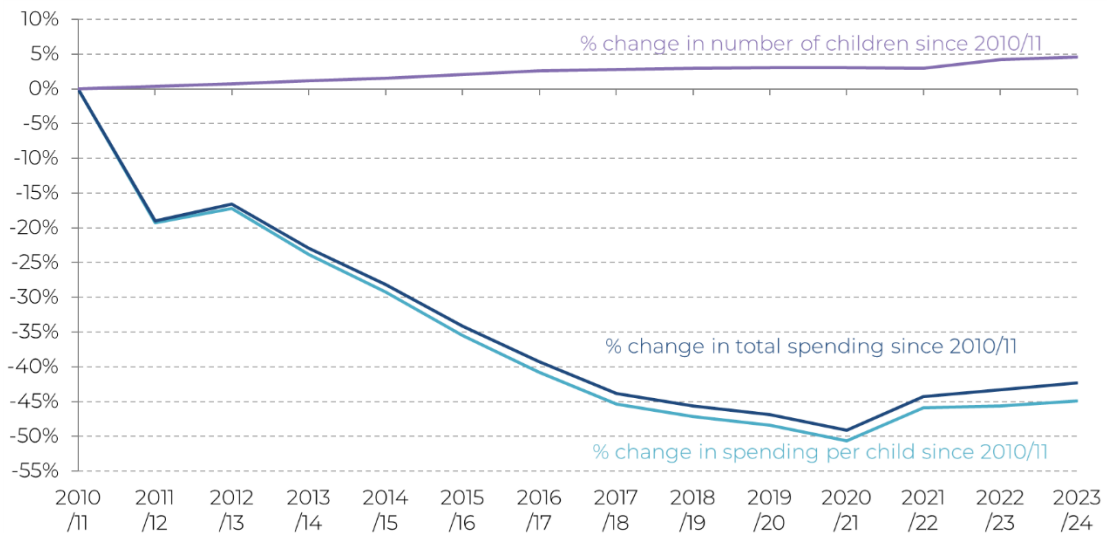
More recently, spending has begun to rise, growing by over £300 million (or 13%), in real terms, in the three years since 2020/21. However, much of that occurred in 2021/22, with much more modest growth in the last two financial years.

Importantly, the population of children and young people has grown over this same period. The partial recovery in early intervention spending in recent years is, therefore, slightly less evident when measured on a per-capita basis. This is outlined in Figure 2, which tracks the proportional change in the number of children in England⁶ since 2010/11 alongside the change in total spending and spending per child. As can be seen, when considering increases in the number of children and young people in England, reductions have been slightly deeper (45%) and spending increases have been marginally smaller (12%).

⁶ Because many of these services are offered to babies, children and young people aged 0–19, the analysis calculates per-capita figures based on the number of people within that age range.

Figure 2. On a per-capita basis, reductions in early intervention spending have been greater and reinvestment has been smaller.

Percentage change in the number of children aged 0–19, real-terms total gross expenditure on early intervention services and total real-terms gross expenditure per capita on early intervention services by local authorities, England



Notes: Total value of early intervention spending is the sum of local authority expenditure on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'. As published data for 2023/24 did not include spending figures for Cumberland and Westmorland and Furness (formerly Cumbria), we have excluded the population of those local authorities from any per-child spending calculations

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/24 and ONS/Nomis: Population estimates – local authority based by single year of age, 2024

Spending on family support services has grown, while youth services and children's centres have significantly reduced.

Within these changes to spending, different types of early intervention services for children and young people have fared very differently. As outlined in Figure 3, spending on family support services grew by more than half a billion pounds between 2010/11 and 2023/24, an increase of 43%. This is likely to have been largely thanks to targeted funding from central government related to the Troubled Families (later Supporting Families)⁷,

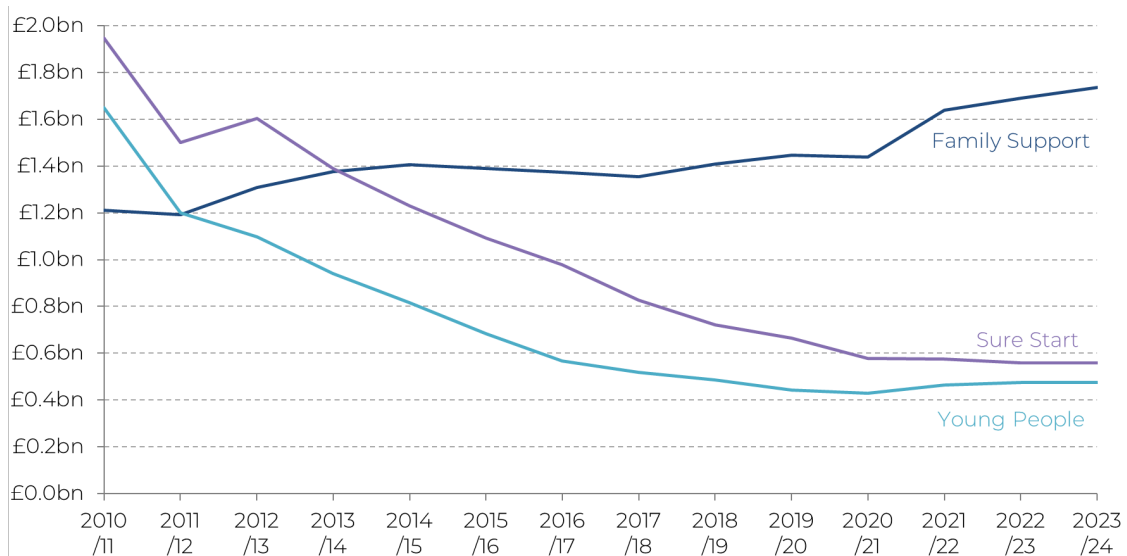
⁷ The Supporting Families Programme was a family-based intervention aimed at supporting families facing multiple and complex problems. For details of the history of the programme, see: D Foster, [Research briefing: Supporting Families Programme](#), House of Commons Library, March 2023

Reducing Parental Conflict⁸ and Strengthening Families, Protecting Children⁹ programmes.

In contrast, spending on services for young people and Sure Start declined significantly across the period. Between 2010/11 and 2023/24, councils reduced spending on Sure Start and services for young people by almost £1.4 billion and nearly £1.2 billion, respectively. In both cases, this equated to reductions of more than 70% and contributed to the closure of as many as 1,000 children's centres¹⁰ and 750 youth centres.¹¹

Figure 3. Changes to spending on early intervention have differed depending on the service type.

Total real-terms gross expenditure on Family Support Services, Sure Start and Services for Young People by local authorities in England, 2010/11 to 2023/24 prices



Notes: Figures are based on spending data categorised as 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/24

"When I first came into the local authority, we had a youth service of about 55 full-time staff, and an army of sessional

⁸ The Reducing Parental Conflict Programme was an intervention aimed at addressing harmful inter-parental conflict, which was deemed to be below the threshold of domestic abuse. For further details, see: Department for Work and Pensions, [Reducing Parental Conflict](#), January 2021

⁹ The Strengthening Families, Protecting Children programme aimed to support local authorities to innovate in their delivery of family support, with the objective of trying to reduce the number of children entering care. For further details, see: Department for Education, [Strengthening families, protecting children \(SFPC\) programme](#), April 2019

¹⁰ K Sylva et al., [Stop Start](#), Sutton Trust, April 2018

¹¹ Local Government Association, [Re-thinking local youth services](#), Accessed March 2025

staff... we had great youth provision, daytime, evening, weekends... the funding for that service has been stripped out and stripped out... every year that I've been here, it's got less and less and less. So now we have no youth workers at all, zero"

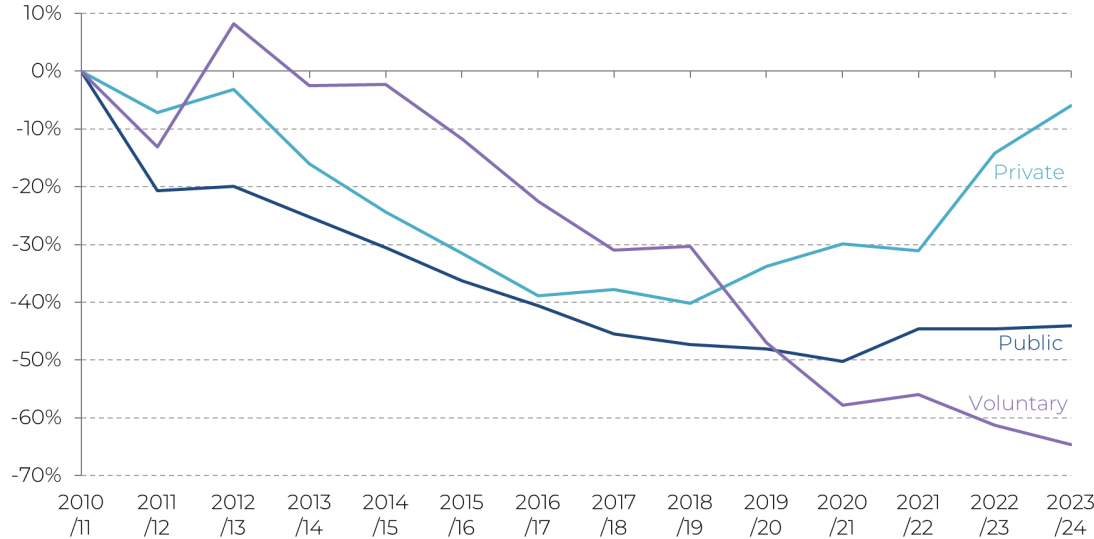
Local authority Head of Service

Council spending on voluntary sector provision of early intervention has dramatically declined.

It is not just service types that have been affected by spending changes. As Figure 4 shows, the impact also extends to the providers of those services, with civil society organisations particularly badly affected. Since 2010/11, council spending on the voluntary-sector provision of early intervention services has fallen by almost two-thirds (65%), equivalent to more than £200 million.

Figure 4. Spending on the voluntary-sector provision of early intervention services has been heavily cut.

Percentage change in real-terms spending on voluntary-sector provision of early intervention services by local authorities, by provider type, England, 2023/24 prices



Notes: Figures represent total real-terms gross expenditure spending on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people', by provider type as defined in Section 251 returns

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/24

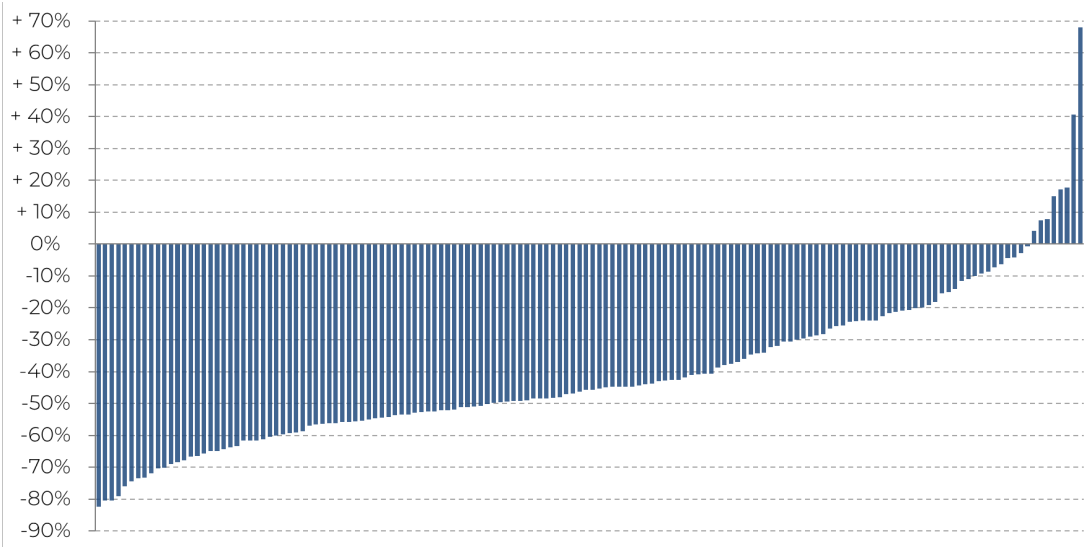
Early intervention spending reductions have not been evenly distributed, with the most-deprived areas hardest hit.

Concerns related to the downward trend in spending on early intervention services are further compounded when we consider the impact on the most-deprived areas.

At the individual level, changes have been highly disproportionate, with significant variation between councils. As seen in Figure 5, a handful of local authorities in England have increased their spending since 2010/11, with one raising expenditure by more than two-thirds (68%). However, the general picture indicates that spending has fallen in most councils, with a significant proportion having reduced spending by more than half.

Figure 5. Changes in spending on early intervention services have varied significantly between local authorities.

Percentage change in real-terms spending per child (aged 0–19) on early intervention children’s services between 2010/11 and 2023/24, by individual local authority in England, 2023/24 prices



Notes: Total value of early intervention spending is the sum of local authority expenditure on ‘Sure Start children’s centres and other spending on children under five’, ‘Total family support services’, and ‘Total services for young people’. Due to boundary changes during the period, West and North Northamptonshire have been amalgamated, as have Bournemouth, Christchurch and Poole, and Dorset. The figure for Cumbria covers the period 2010/11 to 2022/23 as no spending data is available for 2023/24 (due to a boundary change). This excludes the Isles of Scilly.

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children’s and young people’s services, 2010/11 to 2023/24 and ONS/Nomis: Population estimates – local authority based by single year of age, 2024

An even more alarming picture emerges when we consider the distribution of these changes between the most- and least-deprived areas. In 2010/11, the most-deprived areas spent almost twice as much (94% more) per child on early intervention services as the least-deprived areas. This was, in part, due to central government's funding approach, which recognised that more deprived areas were likely to experience higher levels of need.¹²

However, since the start of the period, local authorities in the most-deprived areas have reduced per-child spending by a significantly larger amount than their counterparts in least-deprived areas.

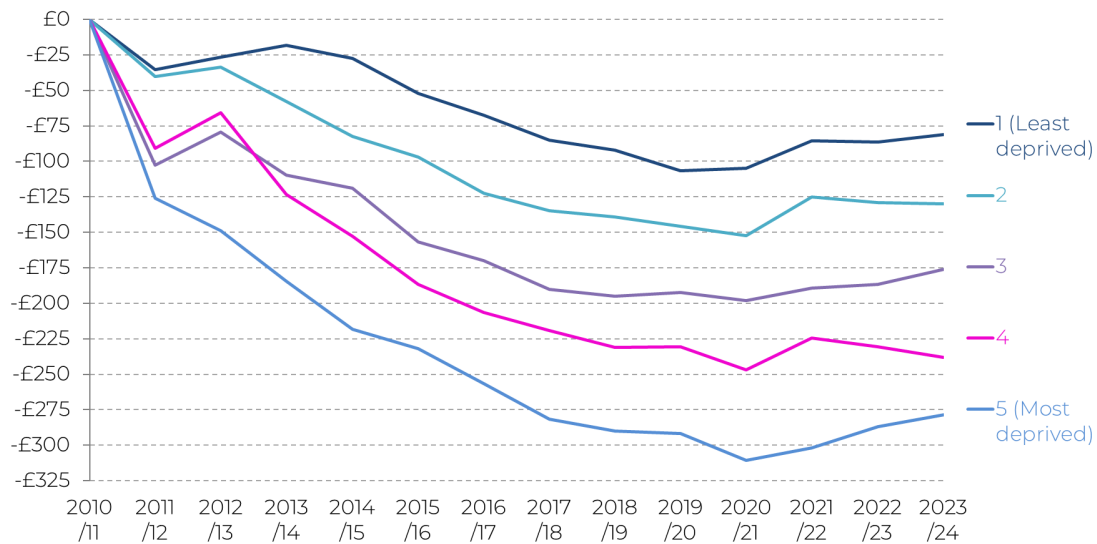
The exact magnitude of this is outlined in Figure 6, which shows that, between 2010/11 and 2023/24, the most-deprived areas reduced per-child spending by more than £275, equivalent to more than half (53%). In contrast, the least-deprived undertook spending reductions equating to £81 per child, a fall of less than one-third (30%).

In real terms, this resulted in the most-deprived areas reducing spending by more than half a billion pounds, while, conversely, in the least-deprived areas, falls in expenditure were less than £200 million.

¹² Research identifying a link between deprivation and higher rates of more acute children's social care interventions indicates that this was a broadly sensible approach, see, for example: P Bywaters et al., [The Child Welfare Inequalities Project: Final Report](#), Nuffield Foundation, July 2020; D Bennett et al., [Child poverty and children entering care in England, 2015–20: a longitudinal ecological study at the local area level](#), *The Lancet: Public Health*, 7(6), E496-E503, June 2022; D Bennet et al., [Trends in inequalities in Children Looked After in England between 2004 and 2019: a local area ecological analysis](#), *BMJ Open*, 10(11), October 2020; P Fitzsimons et al., [Drivers of activity in children's social care](#), Department for Education, May 2022; ONS, [Who are the children entering care in England?](#), November 2022

Figure 6. Local authorities in the most-deprived areas cut early intervention spending by much more than in other areas.

Change since 2010/11 in real-terms spending per child (aged 0–19) on early intervention services by local authorities in England, by deprivation quintile, 2023/24 prices



Notes: Total value of early intervention spending is the sum of local authority expenditure on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'. Deprivation quintiles are based on IMD 2019 Average Score at the upper-tier authority level. As published data for 2023/24 did not include spending figures for Cumberland and Westmorland and Furness (formerly Cumbria) we have excluded the population of those local authorities from any per child spending calculations

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/24, ONS/Nomis: Population estimates – local authority based by single year of age, 2024 and MHCLG: English indices of deprivation 2019

Although it is not discernible within this data, there is a sense, among some local authority representatives and service users, that spending reductions, particularly to universal services, are likely to have exacerbated existing inequalities *within* local authorities. In turn, these are likely to have contributed to a double deficit for the poorest children, young people and families living in the most-deprived areas.

"[With Sure Start] you [could] take your baby to the sensory things and... the [play] groups, and you would form good attachment and your child's brain would develop in the way that it ought to. [Since Sure Start was cut] poorer people

couldn't do that because there weren't the free things anymore... the gap between the rich and the poor became much bigger, not just in terms of monetary wealth, but in terms of educational opportunities [and] in terms of social opportunities"

– *Local authority Head of Service*

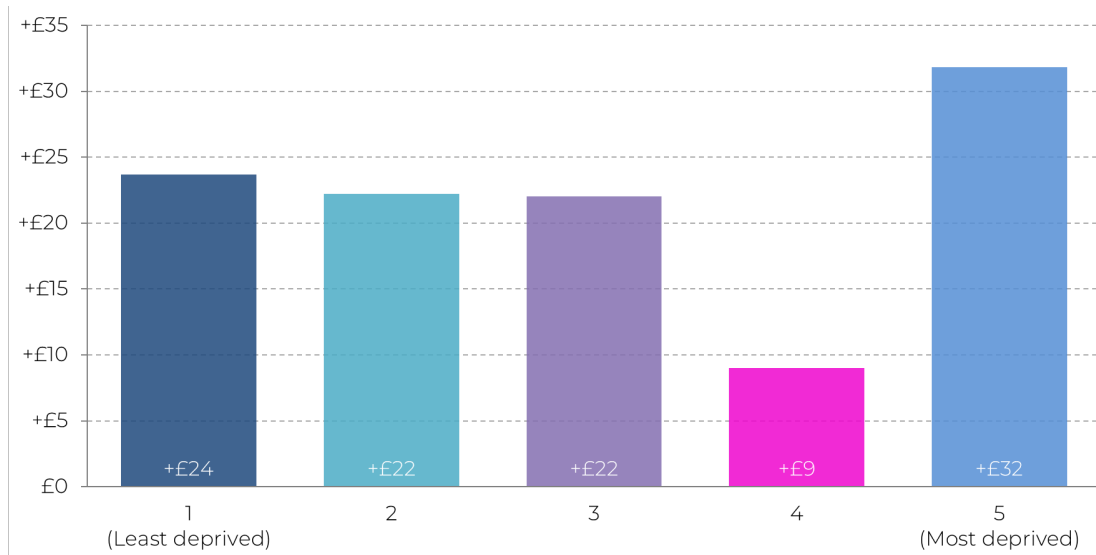
The overall picture, therefore, is one of dramatically reduced spending on early intervention and the likely exacerbation of both geographic and placed-based inequalities. Yet, within this, there are signs, at least from the spending data, that early intervention services are in the very early stages of recovery.

There are early indications that some of those places hardest hit are beginning to recover, but there is still a very long road ahead.

As highlighted earlier, since the beginning of the 2020s, local authorities have been reinvesting in early intervention services. Between 2020/21 and 2023/24, real-terms per-capita spending rose by more than 13%, and, as Figure 7 demonstrates, these spending increases have been the greatest in the most-deprived areas. During this period, spending in the most-deprived 20% of local authorities increased by £32 per child, considerably more than in other areas.

Figure 7. Since the turn of the decade, the most-deprived areas have more highly increased per-child spending on early intervention services than others.

Change since 2020/21 in real-terms per-child (0–19) spending on early intervention services by local authorities in England, by deprivation quintile, 2023/24 prices



Notes: Total value of early intervention spending is the sum of local authority expenditure on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'. Deprivation quintiles are based on IMD 2019 Average Score at the upper-tier authority level. As published data for 2023/24 did not include spending figures for Cumberland and Westmorland and Furness (formerly Cumbria) we have excluded the population of those local authorities from any per-child spending calculations
 Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2020/21 to 2023/24, ONS/Nomis: Population estimates – local authority based by single year of age, 2024 and MHCLG: English indices of deprivation 2019

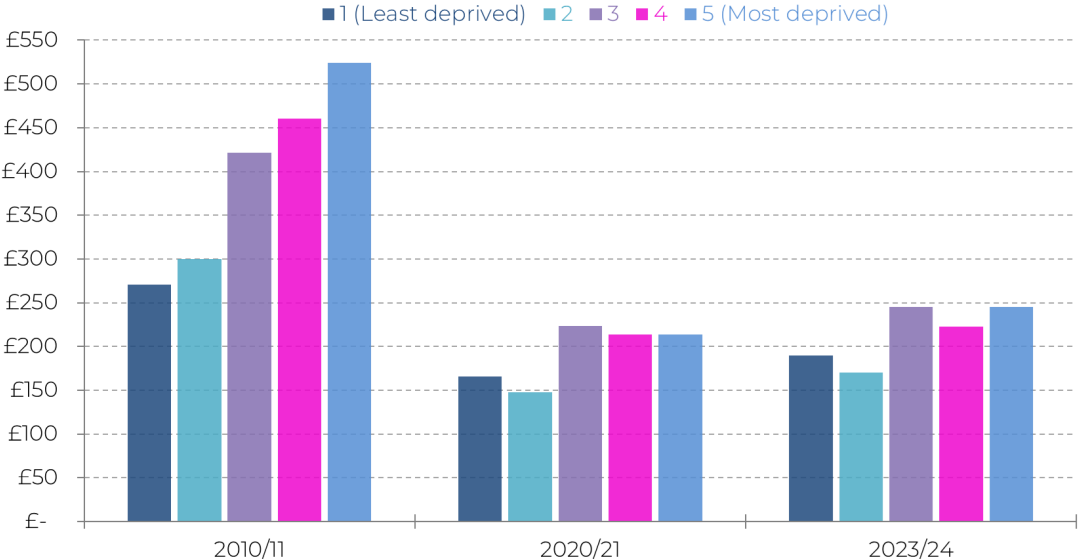
Looking across the entirety of the period, spending reductions have been significant and regressive in their distribution, with the most-deprived areas worst affected. However, within this, two distinct periods can be identified.

The first, covering the decade from 2010/11, is captured in Figure 8. At the start of the period, spending was at its peak and was heavily skewed in favour of the places in greater need. Following 10 years of reductions, spending had fallen significantly in all but a handful of local authorities and across all deprivation quintiles. Reductions in the most-deprived areas had been so severe that they no longer outspent the other areas.

Since that point, modest investment and a more progressive distribution of expenditure towards areas of greatest need indicate that the direction of travel has begun to change.

Figure 8. Spending has fallen considerably in all areas, with the most deprived hardest hit despite recent investment.

Real-terms spending per child (0–19) on early intervention services by local authorities in England, by deprivation quintile, 2010/11, 2020/21 and 2023/24, 2023/24 prices



Notes: Total value of early intervention spending is the sum of local authority expenditure on 'Sure Start children's centres and other spending on children under five', 'Total family support services', and 'Total services for young people'. Deprivation quintiles are based on IMD 2019 Average Score at the upper-tier authority level. As published data for 2023/24 did not include spending figures for Cumberland and Westmorland and Furness (formerly Cumbria) we have excluded the population of those local authorities from any per-child spending calculations

Source: PBE analysis of DfE: Local Authority and school expenditure, expenditure on children's and young people's services, 2010/11 to 2023/–24, ONS/Nomis: Population estimates – local authority based by single year of age, 2024 and MHCLG: English indices of deprivation 2019

This should, however, be viewed with caution. Investment has been comparatively small, meaning the scale of recovery leaves spending on early intervention services, particularly youth services and children's centres significantly lower than they were 15 years ago.

Section 2: Funding cuts and rising demand have forced local government to make difficult spending decisions

In this section, we explore the context behind reductions in early intervention spending. We highlight how, over the past 15 years, local government in England has faced significant financial strain. The combination of central government funding policies and rising demand for statutory services is a key driver of this strain.

We also show the disproportionate effect that funding cuts have had on the most-deprived areas, which goes some way to explain the scale of reductions in early intervention services in these areas.

Finally, we highlight a growing body of evidence, which indicates that the loss of preventative services may have contributed to escalating costs over the long term.

Councils have been caught in a financial pincer movement of funding cuts and rising demand.

To understand the underlying reasons for the scale and distribution of spending reductions on early intervention services, it is vitally important to consider the wider financial context facing local government since the start of the 2010s.

While not solely responsible for the quality of life and outcomes of babies, children and young people, local authorities in England play an important role in shaping them. Through local schools and libraries, public health teams, social housing and temporary accommodation, children's services, and social care, the work of local government is inextricably linked to the lives of babies, children and young people up and down the country. Through functions such as recreation, planning, roads and transport, local government is responsible for much of the physical and social infrastructure that shapes the world around them.

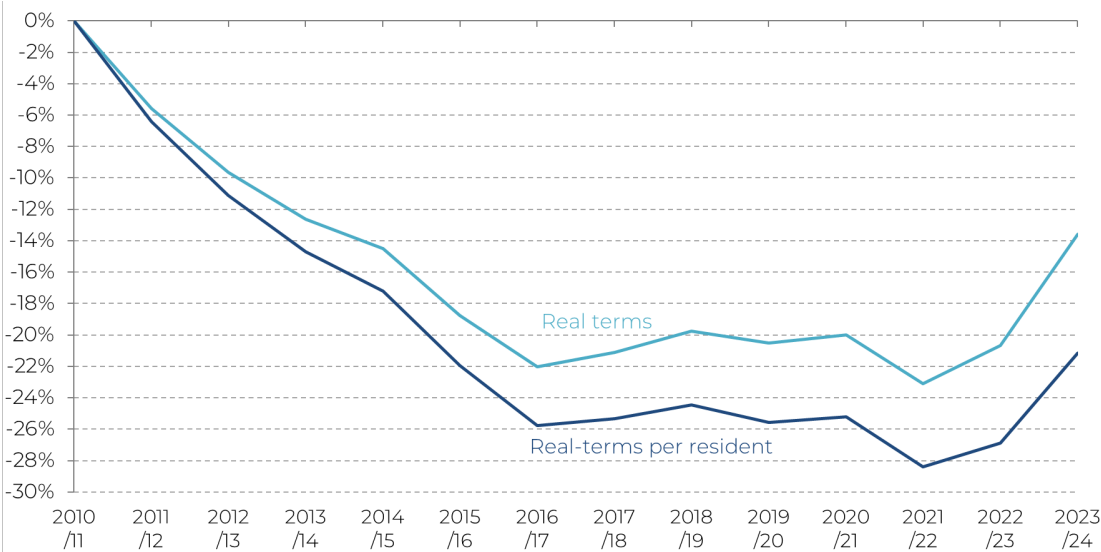
Over the past 15 years or so, and despite the vital role that it plays in the development, health and happiness of babies, children and young people, local government in England has fallen foul of a financial pincer

movement, as deep funding cuts by central government have converged with, and at times contributed to, mounting cost pressures.

Figure 9 outlines the long-term changes to local government funding in England. As can be seen, the period can be roughly divided into three distinct phases. During the first phase, from 2010/11 to 2016/17, local government funding per person fell by more than a quarter (26%). This was followed by a period of increasing levels of cash funding, which, when accounting for inflation and population growth, did not provide real-terms boosts for councils. A short post-pandemic dip in funding preceded a third distinct phase, during which a substantial cash injection has initiated the beginning of a recovery in local government funding. Despite this, real-terms local authority funding per person was still more than a fifth (21%) lower than it was in 2010/11.

Figure 9. Despite investment in recent years, real-terms funding for local government is still considerably lower than it was at the start of the last decade.

Percentage change since 2010/11 in local government funding, real-terms and real-terms per resident, England



Note: Funding includes core spending power, above-baseline growth in business rates, and NHS transfers for social care services. Funding adjusted for inflation using GDP deflators from OBR Economic and Fiscal Outlook, October 2024. Per-person figures reflect the latest 2023-based ONS mid-year population estimates and 2021-based projections

Source: PBE recreation of Institute for Fiscal Studies, the 2025/26 English Local Government Finance Settlement explained, December 2024

The second arm of the financial pincer movement, which has enveloped local government in England, is the rapid escalation of several cost

pressures. Much of this is linked to increasing demand for statutory services, which local councils have a legal obligation to provide for their residents.

Children's services has been a major source of demand and cost pressures for local authorities. Much of this is driven by the growing number of children requiring support from the care system alongside an escalation in the cost of care placements. Between 2010/11 and 2022/23, real-terms spending on looked-after children increased from £3.8 billion to £6.6 billion, with residential care placements accounting for around £1.1 billion of that growth.¹³

In addition, a combination of an ageing population, rising levels of working age, disability and the increasing cost of services has driven up the amount that increasingly cash-strapped councils are spending on adult social care. In 2023/24, local authorities in England spent £32 billion on such services. In real terms, this is £4.6 billion more than in 2010/11.¹⁴

To address rising levels of homelessness, council expenditure on temporary accommodation in 2023/24 was over £2 billion, almost double the amount spent in 2015/16 after adjusting for inflation.¹⁵

Provision of support to children and young people with special educational needs (SEN) has also risen dramatically in recent years. The number of 0–25-year-olds with an education, health and care plan (EHCP) increased by 140% between 2015 and 2024, while the number of children receiving SEN support in schools has increased by 14%.¹⁶

Central government policy decisions have meant that local authorities in the most-deprived areas have been hardest hit.

Not all councils in England have been equally affected by cuts in funding, with the most-deprived areas worst affected. Council finances are complex, and different local authorities responded to their financial challenges in different ways. This means that unpicking the exact nature of this is difficult.

However, it is undoubtably clear that the nature of the way in which local authorities are funded, the variation of this between councils and the

¹³ J Larkham, [Struggling against the tide: Children's services spending, 2011-2023, PBE](#), September 2024

¹⁴ The King's Fund, [Social care 360: expenditure](#), March 2025

¹⁵ National Audit Office, [Local government financial sustainability](#), February 2025

¹⁶ National Audit Office, [Local government financial sustainability](#), February 2025

uneven impact of central government policy, have been key factors in the regressive way local government funding has changed.

Generally, councils receive money from three main sources: central government grants, council tax and business rates. Broadly, the combination of central government policy and the characteristics of a local area shape the quantity of funding that councils receive from these three sources. In turn, this determines the extent to which any local authority is reliant on one source of income over another. Crucially, in this context, it affects the extent to which councils can raise revenue locally, to offset cuts in funding centrally.

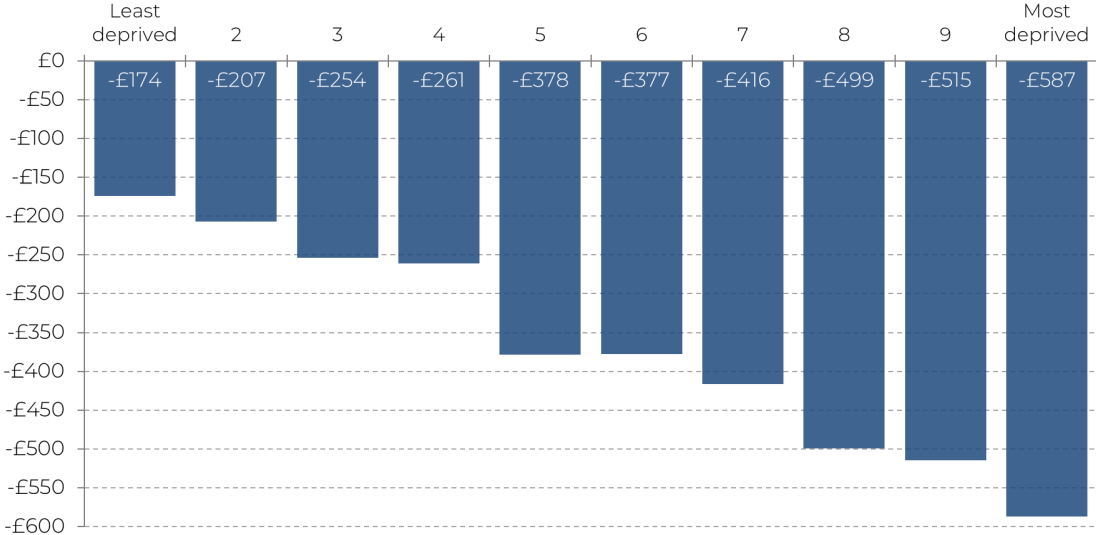
The key mechanism by which central government sought to reduce public spending on local government was by cutting central government grants. This was further compounded by the 2011 Localism Act, which capped the percentage by which local authorities could raise council tax each year. The outcome of this was that certain local authorities were more exposed to the loss of central government grant funding as they were less able to raise revenue locally; these were, generally, those in the most-deprived areas.¹⁷

Figure 10 clearly shows the regressive impact of these policy decisions. Between 2010/11 and 2019/20, funding in the most-deprived local authorities fell by £587 per resident, more than three times greater (337%) than in the least-deprived areas, in which per person funding fell by £174.

¹⁷ House of Commons Levelling Up, Housing and Communities Committee, [Financial distress in local authorities: Third Report of Session 2023–24](#), January 2024

Figure 10. Council funding per person in the most-deprived areas fell by significantly more than in the least-deprived areas.

Change in local government real-terms funding per resident between 2010/11 and 2019/20, by area deprivation, 2024/25 prices



Note: Funding includes core spending power, above-baseline growth in business rates, and NHS transfers for social care services. Funding adjusted for inflation using GDP deflators from OBR Economic and Fiscal Outlook, October 2024. Per-person figures reflect the latest 2023-based ONS mid-year population estimates and 2021-based projections. Deprivation deciles are based on IMD 2019 Average Score at the upper-tier authority level

Source: PBE recreation of Institute for Fiscal Studies, the 2025/26 English Local Government Finance Settlement explained, December 2024

Reductions in spending on early intervention services are likely to have contributed to local government demand and cost pressures.

“Things like children coming into care... are reaching crisis point where there's too much demand. And when you think about why there's too much demand, it's because for the last 10–15 years, the prevention services haven't been there.”

– Local authority head of service

It can be argued, with increasing credibility, that, in reducing spending on early intervention services in response to their immediate budgetary challenges, local authorities may have played a part in undermining their long-term financial sustainability.

This is supported by a growing body of evidence, which is helping to build our understanding of the impact and value of early intervention and, therefore, an indication of the consequences of cuts to preventative

services. For example, one study found that living near to a Sure Start Children's Centre had a positive effect on child health¹⁸, educational outcomes, the number of children with SEN and/or an EHCP¹⁹, youth offending rates and children's social care usage.²⁰

Another study identified a link between reductions in spending on Sure Start and increases in levels of childhood obesity.²¹ Research exploring the impact of the closure of youth clubs in London found evidence of poorer educational outcomes and increases in youth offending.²²

A recent academic study exploring the link between early intervention spending and children's social care interventions demonstrated that increases in spending on preventative services led to reductions in the rates of children in care and the number of child protection plans.²³

This has left many councils locked in a downward spending spiral, with the cost cutting of preventative services likely to be contributing to both greater demand for high cost and increasingly expensive late interventions and deteriorating outcomes for many children and young people.

¹⁸ S Cattan et al, [The health impacts of universal early childhood interventions: evidence from Sure Start](#), Institute for Fiscal Studies, August 2021

¹⁹ P Carneiro et al, [The short- and medium-term impacts of Sure Start on educational outcomes](#), Institute for Fiscal Studies, April 2024

²⁰ P Carneiro et al, [What did Sure Start do for youth offending, children's social care, and school behaviour?](#), Institute for Fiscal Studies, October 2024

²¹ K Mason et al, [Impact of cuts to local government spending on Sure Start children's centres on childhood obesity in England: a longitudinal ecological study](#), Journal of Epidemiol Community Health, September 2021

²² C Villa, [How cuts to youth clubs affected teen crime and education](#), Institute for Fiscal Studies, November 2024

²³ C Webb, [Investing in Prevention & Support: Spending on family support, children's centres, young peoples' services, and other forms of help and child welfare interventions in England, 2009-10 to 2021-22](#), University of Sheffield, January 2025

Section 3: Policy change, recovery and risks

In this section, we explore recent changes in local government funding, highlighting increased investment, planned reforms and the risk posed by uncertainty around future funding.

We examine the Government's renewed focus on early intervention in children's services, the challenges councils face in implementing reforms, and the role of partnerships with civil society.

Finally, we consider the risks posed by ongoing financial pressures and the need for better coordination across government departments.

Central government has increased local government funding in recent years, but a continuation of that trend remains highly uncertain.

At the turn of the decade, central government started to reverse its approach to the financing of local government, announcing a series of funding increases and one-off grant support. When coupled with the continued growth in revenues from council tax, this policy change began to feed through into a sustained period of growth in real terms and per capita funding for local authorities.²⁴ This has coincided with a limited recovery in early intervention spending.

The most recent financial settlement for local government, announced in February 2025 and covering the 2025/26 financial year, has continued this trend. The measures combined within the settlement are forecast to constitute a £5.4 billion increase in local government funding, equivalent to a 6.4% real-terms increase.

Alongside funding increases, central government has also outlined plans to implement more widespread reform of local government funding. Among other things, this includes moving from single- to multi-year financial settlements, simplifying the funding landscape by consolidating funding pots and reducing reporting burdens, and updating approaches to funding allocations to better account for local needs, costs and revenue-raising ability. The latter is expected to further build on the more progressive

²⁴ See: National Audit Office, [Local government financial sustainability](#), February 2025

distribution of funding back towards more deprived areas revealed in the most recent local government settlement.

For the councils included in this research, the broad sweep of these plans for reform and the funding attached bring with them a sense of cautious optimism.

“We’ve had a much more fair settlement this year... the way that funding will be reviewed... [means that the local authority will] get funding based on the need in the city... So, I am optimistic, I’m hopeful, and I think there’s, there’s a bit of momentum, and I hope we can continue with that”

– *Local authority Head of Service*

The prospect of longer-term settlements will give councils more certainty when planning and greater scope to offer better job security, in turn, driving up the quality of services and helping them to be more responsive to local needs. The consolidation of funding streams was also recognised as positive development. In particular, the reduction in reporting requirements was universally welcomed, with a view that it had the potential to free up funding to invest in front-line services.

“You’ve got lots of different grant pots that have a separate reporting schedule, and they’re all wanting different things... you’ve got people just basically trawling and mining data all the time in order to get your claims into a place... I’m hoping that, if everything’s consolidated... we’ll be able to spend more of the money on families and children”

– *Local authority Strategic Lead for Early Help and Prevention*

Despite this, it remains important that central and local government continue to be mindful of the trade-off between reducing reporting burdens and the collection of sufficient data to enable effective monitoring and evaluation.

The extent to which the momentum of spending increases can be built over the next few years remains highly uncertain. The OBR’s most recent forecasts and the Chancellor’s Spring Statement point towards further spending restraint and a considerable reduction in the growth rate of

public spending over the next few years. As a result, the likelihood of continued significant reinvestment in local government and early intervention services remains questionable, raising concerns within local government about whether commitments can be maintained over time:

“The reality at the moment within the Treasury is [that] there is no money. You can have as much ambition as you like, but if the money is not in the public purse, then it's not going to happen. We wait with a cute interest [for the] Spending Review as to what those longer-term plans are”

– *Local Authority Deputy Director of Commissioning Partnerships and Resources*

At the same time, cost pressures are still an imminent threat to council finances. Even with the number of children in care falling slightly in 2024, the cost of residential placements surged by nearly £600 million to more than £3 billion.²⁵ While the Government's plans to intervene in the care placements market may eventually help to bring this under control, it will not alleviate pressures on council budgets in the short term.

The concern, therefore, is that the continued lack of statutory requirement for the delivery of early intervention services leaves their budgets vulnerable. Without further safeguards for the funding of early intervention services, financial pressures could lead to the stalling of investment and the risk of repeating past mistakes.

Current levels of investment in early intervention do not match the ambition for the wholesale reform of children's services.

As the Ministry of Housing, Communities and Local Government seeks to build on, and accelerate, reform in local government finance, so, too, does the Department for Education in the space of children and young people's services.

The broad direction of travel for the reform of children's services was outlined by the previous Government. Developed, in part, as a response to the MacAlister Review, at its heart was a recognition that services required rebalancing back towards early intervention.²⁶

²⁵ Department for Education, [LA and school expenditure, Financial year 2023-24](#), December 2024

²⁶ Department for Education, [Children's social care: stable homes, built on love](#), February 2023

In November 2024, the new Government published its policy position on children's social care reform. Much of it reiterated what had been inherited from the previous administration and maintained a clear ambition to improve early help and prevention through improved family support and child protection.²⁷

In December, it introduced legislation to enable the implementation of elements of these reforms, alongside greater powers to intervene in the market for children's care placements.²⁸ More recently, an additional year of funding to continue the delivery of the Family Hubs and Start for Life programme has been announced, alongside further guidance on delivery.²⁹

Notably, part of the recent local government financial settlement includes a £270 million Children's Social Care Prevention Grant³⁰, which is ringfenced to help local authorities implement reform to family support and child protection services.³¹ Separately, several existing funding streams, including, most notably, the Supporting Families Programme, have been consolidated into the similarly valued Children and Families Grant.³²

It must, however, be noted that this is significantly less than the £2.6 billion over four years that was recommended by the Independent Review of Children's Social Care in 2022. Even when taken together with other policy investments, it is not even close to replacing the more than £2 billion reduction in spending that councils have made since 2010/11.

Translating national ambitions to local action will require councils to navigate several challenges.

The successful recalibration of the children's social care system and reversal of deterioration in outcomes for children and young people requires comprehensive locally led reform. However, delivering on that is likely to be a long and difficult journey.

²⁷ Department for Education, [Keeping children safe, helping families thrive](#), November 2024

²⁸ HM Government, [Children's Wellbeing and Schools Bill](#), Accessed March 2025

²⁹ Department for Education and Department of Health and Social Care, [Family Hubs and Start for Life programme: local authority guide 2025 to 2026](#), February 2025

³⁰ K Ogden and D Phillips, [Response to the final English local government finance settlement](#), Institute for Fiscal Studies, February 2025

³¹ Ministry of Housing, Communities and Local Government, [Children's Social Care Prevention Grant Determination 2025 to 2026: draft](#), February 2025

³² Ministry of Housing, Communities and Local Government, [Children and Families Grant Determination 2025 to 2026: draft](#), February 2025

The Government's desire to move at pace with plans for devolution is, inevitably, going to preoccupy the minds of council leaders in the immediate future. Inevitably, this will draw some focus away from the transformation of children's services.

In the here and now, many councils are increasingly focused on the implementation of the DfE's Families First Partnership Programme, which seeks to integrate targeted early help, child in need and child protection work, delivered by multi-agency, multi-disciplinary teams.

While there was widespread support for this approach within the councils we spoke to, some highlighted concerns around its impact on staff.

Of particular concern for some was the need to ensure that in integrating early and later intervention work, the right balance needs to be struck between a focus on higher-acuity cases and lower-level preventative support.

"It's a whole different way of providing support for families... not having that transition between statutory and non-statutory services... we've got to make sure that they [don't] become safeguarding services [who are] just dealing with section 17 [child in need] cases"

– *Local Authority Strategic Lead for Early Help and Prevention*

Additionally, some flagged the need for greater clarity around the regulatory framework and identified further implementation challenges related to case management systems and data management.

Clear issues also exist in relation to the wider transformation of early help services, in particular the variation in the relative position and readiness of local authorities. This is, perhaps, most obvious when looking at Start for Life and Family Hubs. Having a space locally to find support, activities and to connect with others was hugely important for the families we spoke to.

"[Its] super important having somewhere in walking distance if you can't drive, or if you can't afford to get a bus, or if you've just had a baby and you're not up to trying to take a baby on a bus"

– *Children's Centre service user*

“I think going somewhere face to face, you almost have less chance to back out. If you're coming from an anxious place, I find once I've put my foot in the door[it] feels like a big deal to turn around... But if I did it on the phone, I think I'd probably not go ahead... I talk myself out of it”

– *Children's Centre service user*

However, the number of children's centres has fallen significantly in recent years. Research indicates that local accessibility has dwindled, and services are less comprehensive than they once were. Importantly, the effects have not been evenly spread. By 2017, only a handful of local authorities had been responsible for more than half (55%) of all closures nationally³³. One local government interviewee highlighted how two neighbouring authorities had no children's centres from which to deliver Family Hub services.

Partnership working with, and service delivery by, charities and other civil society organisations is another key part of the children's services landscape. Many of the councils we spoke to felt that better working with civil society organisations would play an important role in revitalising early intervention services in the years to come.

“We've got a statutory duty to ensure that there is youth provision in the city... But [that] doesn't mean we have to deliver it. Let's look out to the VCS (voluntary and community sector)... They're better placed to do it – they know communities better than we do, they know [the] needs and demand better than we do, and they're better at it... They've got volunteers from communities who are trusted”

– *Local authority Head of service*

However, historic reductions in the funding of civil society organisations raises questions about the sector's ability to step into this space to fulfil its undoubted potential. This, perhaps, indicates a need for councils to reassess their approach to commissioning the sector, as well as highlighting an important role for place-based philanthropy and community foundations in the years ahead.

³³ K Sylva et al, [Stop Start](#), Sutton Trust, April 2018

A clearer understanding of the impact and returns of early intervention and a more coordinated policy approach will also help deliver ambitions for reform.

Alongside retaining a long-term commitment to the financial recovery of local government and a rebalancing of the children's social care system, central government also has a key role to play in supporting local delivery efforts.

The vulnerability of early intervention budgets in the face of future funding pressures within local government can, in part, be mitigated with better evidence about their impact on outcomes and any subsequent return on investment from early intervention.

This means effective ways of monitoring and evaluating policy interventions is crucial. Importantly, however, the impact of early intervention services often takes a long time to materialise, requiring patient, long-term commitment from central and local government. They will also need to recognise and account for the fact that benefits are likely to be felt across numerous public services and government departments, requiring good multi-agency and cross departmental working.

The importance of establishing effective ways of working across government departments is especially important in light of wider, but related, policy objectives. The Government's missions, particularly around safer streets, opportunity for all and the NHS are likely to cut across government departments and the children's services policy agenda.

Alongside this, a broad range of policy aims and reforms are likely to play an important role in the success or failure of the Government's wider ambitions for children's social care. A 10-year Child Poverty Strategy is due to be published in 2025. A new National Youth Strategy funded from the Dormant Assets scheme and the winding down of the National Citizen Service have recently been announced by the Department for Culture, Media and Sport (DCMS), although the figures cited are relatively small in relation to the size of historic cuts to young people's services.³⁴

This is further complicated when considering how relevant policy responsibility and funding is divided across multiple departments of

³⁴ Department for Culture, Media and Sport, [Press release: New National Youth Strategy to break down barriers to opportunity for young people](#), November 2024

Whitehall. The Ministry of Housing, Communities and Local Government (MHCLG) holds the ring on local government finance, while the Department for Education (DfE) drives much of the children's services policy, some aspects of which are in partnership with the Department for Health and Social Care (DHSC) and the Department for Work and Pensions (DWP). The child poverty strategy sits with DWP and DfE, while DCMS is in charge of the upcoming national youth strategy, any youth offending aspects of which will likely involve the Home Office (HO) and Ministry of Justice (MoJ).

When considered in the round, it is, perhaps, unsurprising that concerns have arisen within local government around a lack of coherence centrally.

"[Central government] themselves are a bit fragmented... they've got these missions that are cross government, [but] the civil service is still siloed... they're still not really pooling budgets, having long-term funding [plans], being really joined up"

– *Local authority Director of Children's Services*

Ultimately, the risk is that fragmentation in Whitehall can make it difficult to coordinate local services effectively, especially where this requires collaboration between local government, schools, the police, the criminal justice system and the NHS. Without coordination and collaboration between services locally, the ability to effectively reform children's services to deliver better outcomes for babies, children, young people and families is diminished.

Conclusion

After nearly two decades of ongoing crises, the long-term impact on children and young people in the UK is stark. Policy decisions have led to a financial crisis in local government, disproportionately affecting the most-deprived areas and resulting in the erosion of early intervention and preventative services where they are needed most.

While recent policy changes offer a glimmer of hope, the road to recovery is long. We cannot assume that simply setting a new course will guarantee success. Ultimately, the hard work lies ahead.

While it is welcome, recent investment is not enough to reverse the long-term decline in expenditure on early intervention. This leaves current levels of spending insufficient to match the ambition and rhetoric, and unlikely to deliver the positive changes to the quality of life that children, young people and families deserve.

Beyond investment in children's services, success will also depend on addressing the issues that lead people to the door of children's services in the first place. Bringing down levels of child poverty, tackling the housing crises, addressing regional inequalities, and improving the nation's health and happiness all form part of the wider policy solution.

This will require a collective effort from central and local government, public services and civil society. Only through sustained commitment and collaboration can we ensure that we do not repeat past mistakes and that the health, happiness and opportunities of future generations are more effectively safeguarded.

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