

# "Whatever it takes"

Government spending on children and young people – the impact of the coronavirus pandemic and the 2020 Spending Review

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## >> The funding position prior to the pandemic was dire.

Before the pandemic, a decade of austerity in public services and rising child poverty had forced local services into a permanent state of fire-fighting. Prevention and early intervention services had been decimated. Spending had been concentrated on children and young people requiring the most complex and expensive interventions. We saw record numbers of looked after children<sup>1</sup>, steep rises in the number of children and young people with Education, Health and Care

plans, and increased use of special schools and alternative provision<sup>2</sup>.

Major spending commitments were made through the NHS Long Term Plan in 2018 and to schools and 'high needs' (SEND) funding in 2019. While much needed, in reality much of this funding will be used on repairing the damage inflicted since the financial crisis of 2008 and addressing demographic change.

## >> Funding decisions taken in response to the pandemic were bold.

The Government acted swiftly to mitigate against the worst economic effects of the pandemic. The National Audit Office estimates that the Government committed to £210 billion of additional spending in the first five months of the pandemic<sup>3</sup>. By the time of the 2020 Spending Review this had reached £280 billion<sup>4</sup>.

Many children, young people and families benefited through the universal measures taken in response to the pandemic, including the Coronavirus Job Retention ('furlough') Scheme and the £20-a-week uplift in Universal Credit. Other measures

were more specifically targeted at children and young people in low-income households, such as the national voucher scheme to provide free school meals during lockdown and the provision of digital devices and internet connection for those who had no access at home.

The Government also provided emergency funding for many, but not all, of the services that were affected by the pandemic. This included major support for schools, local authorities, and charities.

## >> But the current plan is piecemeal.

### Spending Review 2020

Given the ongoing impact of the pandemic, it is right that the Government has continued to invest heavily in the 2020 Spending Review. However, the risk of short-term measures is that we do not target spending in the areas where it will have the most impact. Children's needs

do not respect service boundaries or departmental budgets. Funding one part of the system without a clear vision for what we want to achieve will not deliver value for money or provide sustainable improvement to outcomes. While the Treasury has made much needed spending commitments in some areas, there have been major omissions in others:

- ✱ No commitments to counteract rising child poverty.
- ✱ No support to make babies and young children a priority.
- ✱ Not enough to protect young people's mental health.
- ✱ No solution to the sustained crisis in children's social care.





# We need a new vision for childhood.

## Towards a Comprehensive Spending Review in 2021

A decade of austerity and rising child poverty resulted in services for children and young people that were poorly prepared for the pandemic. Now, the impact of successive lockdowns is having a devastating impact on health and wellbeing, pushing more children and young people into poverty, and increasing demand for the education, health and social care services that were already struggling.

Yet we are also facing an economic emergency, with record government

borrowing, rising unemployment and falling tax revenues. Hard choices must be made in 2021, but we cannot ask children and young people to pay the price.

More of the same is not an option. We need a fundamental re-think of what this generation of children and young people need, and the investment needed to deliver it. We need a cross-government strategy to establish a new vision for childhood after the pandemic and establish a set of binding outcomes that all government departments are accountable for delivering.





# Measures to counteract rising child poverty

Child poverty destroys childhoods and causes irreparable damage to our society's future health and productivity. Yet even before the pandemic we were moving in the wrong direction, with 4.2 million children living in poverty<sup>5</sup> and the figure expected to rise to 5.2 million by 2022<sup>6</sup>.

Growing up in poverty means not being able to afford the basics like food, clothes and rent. It means being more likely to

have a range of physical and mental health problems<sup>7</sup>, be excluded from school<sup>8</sup>, and taken into care<sup>9</sup>.

As well as the human cost, poverty costs the Treasury billions through greater additional spending on public services<sup>10</sup>. There can be no progress on the Government's plans for recovery or longer-term policy agenda while child poverty continues to rise.

## The impact of the pandemic

Despite major interventions from the Government, the Treasury has rightly acknowledged that the pandemic has caused exceptional hardship for families across the UK<sup>11</sup>. In April, the Office of National Statistics found that 22% of adults were seeing a negative impact on their household income. This rose to 39% when only parents with dependent children were included in the results<sup>12</sup>.

More recently, the Organisation for Economic Co-operation and Development

has warned that rising unemployment is likely to see an increase in the already high overall number of children living in poverty in the UK<sup>13</sup>. As well as leading to an overall increase in the number of children in poverty, there is powerful evidence that the pandemic is also leading to even greater hardship for those children who were already living in poverty before it started<sup>14</sup>.



## The impact of the 2020 Spending Review

Through these winter months, the Chancellor is continuing to take unprecedented steps to protect families from the worst impact of the pandemic.

But our children and young people need a longer-term solution to poverty.

### Our recommendations:

- **Keep the £20 uplift to Universal Credit and equivalent benefits.** It has been a lifeline to families during the pandemic and should be extended to all claimants on legacy benefits.
- **Increase child benefit by £10 per child per week.**
- Base spending decisions around a **measurable child poverty reduction target** in order to meet the 2019 Conservative Manifesto commitment to reduce child poverty within the next Parliament.





# Making babies and young children a priority

What happens during pregnancy and early childhood has a fundamental impact on children and young people's physical health, their speech, language and communication, and their emotional wellbeing<sup>15</sup>. The inability or unwillingness of successive governments to properly

invest in this period of life remains one of the country's biggest strategic failures. This failure has been replicated throughout the pandemic and in the 2020 Spending Review.

## The impact of the pandemic

The pandemic has resulted in worrying numbers of babies and young children being exposed to stress, trauma and adversity. Parents are expressing serious concerns about the impact of the pandemic on babies and very young children, especially in relation to their

social and emotional development and wellbeing<sup>16 17</sup>. Even more worryingly, Ofsted has reported that the numbers of babies who have suffered injury through abuse or neglect during the pandemic is up by a fifth on the same period last year<sup>18</sup>.



## The impact of the 2020 Spending Review

The Spending Review has continued the trend of failing to prioritise the needs of babies and young children in the response to the pandemic.

### Our recommendations:

- **Invest in early education and childcare.** Despite investing billions in schools, both through the emergency response to the pandemic and through the longer-term funding settlement, the Spending Review allocated only £44 million to the vital early years sector. This is despite continued warnings that providers are in deep financial trouble and that it is children from low-income families who will be worst affected by closures.
- **Invest in health visiting and the Healthy Child Programme.** Since 2015, the health visiting workforce has been cut by 30%<sup>19</sup> and funding for the Public Health Grant has fallen by £700 million in real terms<sup>20</sup>. A failure to invest in the public health workforce given the current pandemic is an incomprehensible decision.





# We must do everything we can to protect young people's mental health

NCB believes that the threat to young people's mental health is as serious a threat to the health of our society as the pandemic itself. The huge scale of severe psychological distress was evident before the pandemic<sup>21</sup>, but rising poverty, uncertainty about the future, bereavement and a host of other challenges are making

things far worse. In 2018, there was a commitment to major new funding for children and young people's mental health services through the NHS Long Term Plan. But even this investment will still leave many young people unable to access support for years to come.

## The impact of the pandemic

There is compelling evidence that the pandemic has had a destructive effect on young people's mental health, and an increasing recognition they have been more adversely affected than older age-groups<sup>22 23</sup>. Almost half of young people

have reported trauma-like symptoms related to the impact of the pandemic<sup>24</sup> and 67% of parents have reported concerns about the long-term impact of Covid-19 on their child's mental health<sup>25</sup>.



## The impact of the 2020 Spending Review

The Chancellor has recognised the major challenges of waiting times and increased demand for mental health services as a result of the pandemic. The 2020 Spending Review provided welcome further funding for the NHS and mental

health services, on top of commitments already made in the NHS Long Term Plan. However, more must be done to start rebuilding the nation's mental health after the destructive impact of the pandemic.

### Our recommendations:

- **Provide clarity about additional £500 million for mental health.** The Chancellor has pledged to invest around £500 million more in NHS mental health services next year. This was initially earmarked to support young people but now this is no longer clear. We need urgent confirmation that this will be used to support young people's mental health.
- **Confirm funding for youth services.** Youth services provide universal and accessible support to young people. The Spending Review failed to provide confirmation of the £500 million promised to youth services in 2019. This funding will provide essential investment into the sector and provide a protective shield for young people struggling with their mental health.



# Addressing the sustained crisis in children's social care

Funding for children's social care is simply insufficient to support families and protect children. Last year, the National Audit Office found that 91% of local authorities were overspending on children's social care<sup>26</sup>. Local authorities are being gradually sapped of any ability to support families or intervene early to stop

problems escalating. Since 2010, spending on early intervention services fell from £3.5 billion to £1.9 billion – a 46% decrease – while costly later interventions have risen steeply<sup>27</sup>. The current funding levels for children's social care fail both the moral and financial test.

## The impact of the pandemic

As children have become less visible to services during the pandemic, so referrals to children's social care were down by about a fifth between April and June 2020 compared to the same time last year<sup>28</sup>. However, all the evidence points to higher risks for children due to greater stress on families and fewer social protective factors<sup>29</sup> and local authorities expect to see a significant rise in referrals over time.

Due to the loss of crucial support during the pandemic, the parents of disabled children in particular have been reporting extreme levels of stress on their families<sup>30</sup>. The pandemic saw the cancellation of short break services and greater caring responsibilities for family members. Many social care services have still not been reinstated, or have not been reinstated at the same level they were before the pandemic<sup>31</sup>.



## The impact of the 2020 Spending Review

In the 2020 Spending Review, the Treasury has made some welcome additional investment to help local authorities cope with the impact of the pandemic: the investment of £165 million for Troubled Families Programme; the £300 million of new grant funding for adult and children's social care and the £1 billion

announced in 2019 will be maintained in 2021–22. However, the lack of ring-fenced funding means children's and adult social care must compete against one another for priority, and the issue of long-term and chronic underfunding remains unaddressed.

### Our recommendations:

- **A plan to deal with the sustained crisis in children's social care.** Doing nothing is not an option. More and more families are reaching breaking point, and local authorities are losing any ability to intervene to prevent it. The Review of Children's Social Care provides an opportunity to do things better, but this must be backed by investment at next year's Comprehensive Spending Review to have credibility.

# Notes

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## United for a better childhood

The National Children's Bureau brings people and organisations together to drive change in society and deliver a better childhood for the UK. We interrogate policy, uncover evidence and develop better ways of supporting children and families.

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