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Wednesday 15<sup>th</sup> January 2014

Dear Mr Lock,

4Children welcomes the opportunity to comment on the Department for Communities and Local Government's consultation on the Local Government Finance Settlement 2014-15.

4Children is the national charity all about children and families. We have spearheaded a joined-up, integrated approach to children's services and work with a wide range of partners around the country to ensure children and families have access to the services and support they need in their communities. We run Children's Centres as well as family and youth services across Britain. We develop, influence and shape national policy on all aspects of the lives of children, young people and families.

The Local Government Finance Settlement is highly significant, and sets out the resources that local authorities will have to support their communities over the course of the coming financial year. Given this, 4Children is particularly concerned about the substantial reductions in Early Intervention Funding that are planned for both 2014-15 and 2015-16, and in this brief response we wish to highlight this issue specifically.

The "Breakdown of Settlement Funding Assessment" document published on Wednesday 18<sup>th</sup> December 2013 indicates that in 2013-14, £1.709bn was set aside for the "Early Intervention Funding" block. The Local Government Association pointed out last January that this in itself represented a fall of 28% from 2012-13, and that member councils had expressed the view that this reduction "could lead to a fall in the number of Children's Centres being funded".<sup>1</sup>

In this context, we are extremely concerned that the "Breakdown of Settlement Funding Assessment" shows that a further 7.8% reduction is planned for 2014-15, to £1.576bn, which is well in excess of the overall 2.9% cut announced by the Local Government Minister in his Statement to Parliament. Moreover, forecasts for 2015-16 show that Early Intervention Funding will prospectively fall even further to £1.442bn, a year-on-year decline of 8.5%, and a fall of 15.6% compared to 2013-14 levels.

<sup>1</sup> Local Government Association (2013) [Local Government Association Response: Local Government Finance Settlement 2013-14 and 2014-15](#), p. 5 (paragraph 29)

The scale of these reductions is worrying. It is our strongly held view that reducing investment in early intervention is short sighted – evidence demonstrates that early intervention saves money, and that by working with families to stop them falling into crisis significant savings are made down the line. The Early Intervention Foundation,<sup>2</sup> a charity that advises policy-makers on the implementation of early intervention initiatives, has undertaken research which has highlighted a number of local authority cost-benefit analyses that demonstrate the economic case for early intervention.<sup>3</sup> For example, in Greater Manchester, it is estimated that implementation of a new early years delivery model would cost £38 million per annum, but deliver savings of £215 million over a 25 year period (£145 million at net present value), equating to a benefit-cost ratio of 4:1.<sup>4</sup>

Indeed, the House of Commons Education Select Committee have also emphasised the economic benefits of early intervention. In the recently published final report of their “*Foundation Years: Sure Start Children’s Centres*” inquiry, the Committee stated unequivocally that:

“Research evidence shows clearly that investment in early intervention reaps rewards. It is the most effective way in which the gap between the most disadvantaged children and their peers can be addressed. Reductions in spending on early interventions therefore risks being counter-productive, requiring more money to be spent later on”<sup>5</sup>

Consequently, we find the level of the cuts to Early Intervention Funding anticipated in the Local Government Finance Settlement to be a matter of significant regret, and would urge officials in the Department and across Government to do all they can to address this in both the short and long-term. If you wish to discuss this or any of the other issues raised in this submission in more detail, please do not hesitate to get in touch.

Yours sincerely,



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<sup>2</sup> <http://www.earlyinterventionfoundation.org.uk/>

<sup>3</sup> Early Intervention Foundation, [\*Making an Early Intervention Business Case: What should it look like?\*](#), p. 4

<sup>4</sup> Association of Greater Manchester Authorities, [\*GM Early Years Business Case\*](#), p. 1

<sup>5</sup> Education Select Committee (2013) [\*Foundation Years: Sure Start Children’s Centres – Fifth Report of Session 2013-14, Volume 1\*](#), p. 39 (paragraph 112)