**FUNDING ENVIRONMENT FOR YOUTH ADVICE SERVICES**

**Local authority funding for youth advice services explained**

Local authorities represent the most crucial source of funding for youth advice services, specifically youth budgets within wider Children’s Services budgets.

Youth advice services were previously able to tap into a large array of funding streams for services for young people, typically managed by a Youth Service sitting within the Children’s Services Department. There were, for example, about 30 area-based grants focusing on young people, including Connexions, Children’s Fund, Youth Opportunity Fund, YP’s Substance Misuse Grant, Teenage Pregnancy Grant. Out of these various bits of funding, amongst others, our members would piece together services that met the information, advice, counselling and support needs of young people.

These area-based grants have all been abolished and replaced by a single, non-ring-fenced Early Intervention Grant, with a primary emphasis on under-5s.

The Government’s official figure for the average decrease in formula grant for children’s services authorities in 2011/12 is 11.6%. However, this headline figure masks the true extent of budget difficulties affecting Children’s services and youth services.

The Local Government Finance Report 2011-12 states that:

*“Although the government’s new un-ring-fenced Early Intervention Grant provides welcome assistance with the costs of children’s services, after taking into account around £575.5m of previous un-ring-fenced grants funded by DfE that have now ended, there is a reduction of 25% in total funding in this area. Not the 10.9% suggested by the Government.*

*This figure is obtained by adding up these grants for 'Non-Frontline Schools Education Services' (£575.5m) - most of which were within non-ring-fenced area based grant for 2010-11 and which went to authorities - to the grants which form the baseline for the Early Intervention Grant (£2483m). This is then compared with the Early Intervention Grant for 2011-12 (£2212.4m).*

*That gives a decrease of 25% when taking into account the 2010-11 £311m in-year cut, which was part of the Government's overall £6bn mid-year reduction. Compared with the original area based grant figures for 2010-11 the cut would be 31.9%.*

*Although the Early Intervention Grant is not ring-fenced the Government has made announcements that suggest certain activities should be funded from within it. These include:*

* *Sure Start – funding for which the Government has pledged to protect in cash terms and which amounted to a £1.135bn allocation in 2010-11 (DfE press notice “DfE Spending Review”, 20 October 2010)*
* *£64m in 2011-12 and £223m in 2012-13 for extending free early education to disadvantaged two year olds”*

The same report also states that councils are *“extremely concerned at the proposal to cut £413m over the next two years from councils’ non-schools budgets (such as child protection and youth services) to pay for services to new academies. The reduction has been taken from education authorities on a pro rata basis irrespective of whether academies exist in their area or not.”*

Thus, the available budget for services for young people is extremely limited. To compound matters, Graham Allen’s Review of Early Intervention focuses almost entirely on under-5s, which is leading many LA Children’s Services to shift funding from youth services to early years. It seems that youth service managers in LAs are in disarray – not arguing their cases very effectively; not sure what to cut. This is leading to very late decision-making about budgets/cuts.

On 8th February 2011, Children & Young People Now reported that local authority youth services were grappling with average budget cuts of 28 per cent in the next financial year (based on a survey of council youth service managers). This is likely to prove an under-estimate. CYPN had earlier reported in January on a survey of Directors of Children’s Services that found that 56% cited youth services as among the hardest hit parts of their overall budgets. A few local authorities are cutting their youth services completely.

The 12% (headline) cut to Supporting People – and de-ring-fencing – is likely to affect a lot of our members very severely as well, particularly of course those providing housing-related support services. One of our members, a large youth homelessness agency in Manchester, gets 60% of their funding through SP. Their LA is cutting the overall SP budget by 50%, but the agency doesn’t know what their allocation will be yet.

**The impact on youth advice services**

A lot of our members are likely to close services (sometimes just advice or just counselling), as much because of delays as the cuts themselves.

Given that many agencies funded their advice and general drop-in services through bits and pieces of funding, they will have increasing problems providing these services.

It is too early to know how many agencies will survive or fall, but the vast majority seem set to face cuts from April. Many have issued redundancy notices.

Larger youth advice and counselling agencies seem more likely to survive, and in some areas will become the sole or largest youth organisations in their area.

How ‘survivor’ agencies will cope with demand is unclear! Demand is already going through the roof as a result of prolonged youth unemployment – mental health, homelessness, debt, benefits in particular. A couple of members have told us they have already started handing out sleeping bags to young people for the first time in years. Housing benefit changes and other welfare and housing reforms are bound to exacerbate such issues.

We will conduct a survey of our members next week and hope to have the results back in about three weeks’ time. This will provide a much more comprehensive picture of what’s happening with their funding, but it’s possible that many still won’t know exactly where they stand by then.

Other things to bear in mind:

* Connexions is disappearing in many areas – not necessarily a bad thing for our members, but will reduce alternative sources of ‘advice’ for young people.
* The most complex problems dealt with by our members increasingly involve 19-25 year old young adults, but LAs are increasingly focusing their youth spending on under 19 year olds.
* CABx see a lot more 22-25 year olds these days, but still don’t see many 16/17 year olds. Law Centres do better with the younger age group because of their young people’s project and greater focus on homelessness.