



2011/0029054POST

**Sarah Teather MP**

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Mr Nick Davies  
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28 April 2011

*Dear Nick,*

Thank you for your email of 7 April 2011 attaching a copy of Children England's recent survey of the impact of public sector spending cuts on children's charities. I am also replying on behalf of the Secretary of State to your separate email addressed to him.

I read the findings with interest and was encouraged that despite the concerns expressed, there remains a positive determination amongst the organisations surveyed to ensure that services continue to be provided for children, young people and families.

I am well aware of the challenges that the current financial climate poses for voluntary and community sector organisations. The Government is committed to doing what it can to ensure that the sector does not suffer disproportionately from the current public spending environment. This Department is making a significant financial commitment to the sector through a range of direct grants and contracts, as well as through funding that flows indirectly, for example through local authorities and schools.

At local level, the Government believes that it is right to give local decision-makers the flexibility to set priorities as those best placed to respond to community needs. However, while it is for local authorities to determine how to run their services, we absolutely expect them to make decisions that prioritise value for money, and protect the frontline, particularly those services working to support vulnerable children and families. The draft Best Value statutory guidance launched for consultation on 13 April sets out clear expectations on local authorities if they are considering cutting funding to local voluntary and community sector organisations. The consultation is available on the

Department for Communities and Local Government's website at [www.communities.gov.uk/publications/localgovernment/bestvalueconsult](http://www.communities.gov.uk/publications/localgovernment/bestvalueconsult). These proposals will help ensure that local authorities give the voluntary and community sector the opportunity to work together to provide services in new ways. It will also ensure that local authorities consider social and environmental value when reviewing and commissioning services.

As you say, a central objective of the Government's public service reform agenda is to increase opportunities for the voluntary and community sector to deliver services. I am particularly keen to see the sector become more involved in the provision of Sure Start Children's Centre services and services for young people. The Localism Bill includes measures to give people the right to challenge local authorities to run services if they can do things better or more cost effectively. The *Modernising Commissioning Green Paper* set out the Government's plans for strengthening the effectiveness of commissioning. The conclusions of that consultation will inform part of the forthcoming *Open Public Services White Paper*.

Turning to your point on early intervention, we recognise the challenge of making the case to invest in early intervention at a time when budgets are under pressure. However, the Government is determined to continue to support and challenge local partners to prioritise early intervention. The work of the Graham Allen review and ongoing work by the Centre for Excellence and Outcomes (C4EO) is highlighting the increasingly strong evidence base for early intervention. At a practical level, we have ensured there is sufficient money in the Early Intervention Grant to retain the network of Sure Start Children's Centres. Important statutory duties on local authorities remain in place so that early intervention services such as Sure Start cannot be closed or significantly changed without consultation with the local community. We will promote greater transparency about how local authorities' funding is spent so that local families can challenge the decisions that are being made. In addition we plan to trial payment by results for Sure Start Children's Centres to help measure key outcomes, incentivise reform and improve the targeting and effectiveness of the services they provide. Across Government, we are developing new social investment models to support innovation in particular by voluntary and community sector organisations. Graham Allen is expected to say more on this in relation to early intervention in his next report.

I agree with your view that voluntary and community sector organisations are at the centre of delivering the Government's vision for the Big Society. That is why we are determined to ensure that the funding we have is used as effectively as possible and that we encourage and support the sector to access other sources of funding, including through competition in local markets. I am really pleased in that context that we will be working with you and your colleagues at Children England as our overarching Strategic Partner. The thinking behind the strategy partner programme is, as you know, to ensure that we are working together to put the sector in the best place to benefit from the opportunities of the Big Society.

Finally, given the current challenges, it is more important than ever that local

authorities and the voluntary and community sector work effectively together, to ensure the best possible outcomes for children, young people and families. I am pleased, therefore, that at the last meeting of the Children's Inter-Agency Group, which Maggie Jones attended, we agreed to undertake some further joint work to understand the full impact of the current funding environment, including what it means for the voluntary and community sector. I look forward to discussing this further at the next meeting of the Group.



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