



National Audit Office

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COMPTROLLER AND
AUDITOR GENERAL

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Cross-government

Early action: landscape review

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Cross-government

Early action: landscape review

Report by the Comptroller and Auditor General

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Amyas Morse
Comptroller and Auditor General
National Audit Office

29 January 2013

Our report focuses on early action in social policy, encompassing health, education and reducing youth crime. It is a landscape review, intended to inform Parliament about this important agenda.

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This report can be found on the National Audit Office website at www.nao.org.uk/early-action-2013

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Key facts

£12bn

estimated spend on early action interventions in health and social policy, 2011-12

£377bn

estimated social spending, including benefits and pensions, 2011-12

5.3m

estimated number of adults in the UK suffering multiple disadvantage

- 19** early interventions (out of hundreds) the Allen review assessed as meeting the most robust evidence standards for impact and cost-effectiveness
- 59 per cent** of children assessed as having a good level of development at age five in 2011, compared with 49 per cent in 2008
- £170 million** estimated annual savings through earlier detection and better management of diabetes-related complications
- 40 per cent** of newly sentenced prisoners report they were permanently excluded from school
- £8.5 billion to £11 billion** estimated annual cost of a cohort of young offenders in 2009

Summary

Background

1 Early action involves providing public services to address causes rather than symptoms. It is where government departments, local authorities or other organisations use resources to prevent cases reaching a more serious or costly state. It can apply to individuals, groups and whole areas of policy, and is often contrasted with ‘reactive’ interventions, like acute healthcare. There is no standard definition, and departments use their own interpretation. The line between early action and reactive interventions is not always clear-cut and can be contested. However, early action can be grouped into three broad types:

- Prevention (upstream): preventing, or minimising the risk, of problems arising – usually through universal policies like health promotion.
- Early intervention (midstream): targeting individuals or groups at high risk or showing early signs of a particular problem to try to stop it occurring.
- Early remedial treatment (downstream): intervening once there is a problem, to stop it getting worse and redress the situation.

2 In principle, early action can provide positive social and economic outcomes and reduce overall public spending by preventing problems becoming embedded. A shift from reactive to preventative spending could improve value for money from public spending, although the political and practical challenges are considerable.

Scope

3 Our report focuses on early action in social policy, encompassing health, education and reducing youth crime. It is a landscape review, intended to inform Parliament about this agenda. We examine evidence on the potential of early action to deliver value for money and reduce public spending over the long term. We identify challenges to expanding early action where it could be used effectively, and discuss progress in addressing them.

Key findings

4 The government recognises the principle that early action is important in providing public services, but does not plan a significant shift in resources. It has stated that early action is at the heart of its work on social justice. The Department of Health, Department for Education, Home Office and Ministry of Justice refer to early action in their high-level objectives and are implementing policies or programmes that contain elements of early action. Yet the amount they spend on specific early action programmes, between them, has remained fairly constant at around £12 billion a year, approximately 6 per cent of their combined spending. Much of this spending is now devolved to local level (paragraphs 1.5 to 1.8).

5 Deficit reduction and localism are a challenge and an opportunity for early action. Departments face significant budget cuts. They are under pressure to preserve high-profile spending, such as hospitals and policing, much of which is acute or reactive. At the same time, many early action programmes are being decentralised. Some local commissioners may discontinue some inherited schemes. But some local authorities are increasing their efforts to join up services and innovate. Over the last year, 40 have declared interest in being ‘early intervention’ areas, and are reshaping many services around early action (paragraphs 1.9 to 1.10 and paragraph 3.17).

6 Early action’s potential to achieve positive benefits for society is unclear. Strong evidence of early action’s impact and cost-effectiveness is thin on the ground. The Allen review¹ found 19 of the hundreds of early action schemes it scrutinised met the very highest evidence standards, and of those only eight were available in the UK. The best examples suggest that, over the long term, returns on investment of up to 4 to 1 can be reasonably expected. However, much uncertainty remains, particularly on whether savings are cashable. Patchy information on costs and activities within most departments increases the difficulty of forecasting potential long-term spending reduction (paragraphs 2.6 to 2.14).

7 We have identified four key challenges that, if addressed, could help design and implement early action more effectively. The government’s response to these shows some positive signs, but there remains room for improvement:

- **Better understanding of what works.** Generating robust evidence is particularly challenging for early action because most programmes are long term and outcomes are difficult to attribute to specific interventions. To date, the majority of UK early action programmes have not properly addressed this problem, which has deterred potential public and private investors. The Cabinet Office, Department for Education, Youth Justice Board and other bodies are working to address the lack of a standard set of evidence requirements and methodology to compare the costs and benefits of different interventions. It remains to be seen whether government can effectively collate and use the potential evidence about what works from the early action initiatives underway (paragraphs 3.3 to 3.12).

¹ Graham Allen MP, *Early Intervention: The Next Steps. An Independent Report to Her Majesty’s Government*, January 2011.

- **Overcoming short-term bias.** Electoral cycles focus the attention of politicians on short-term results. The Cabinet Office, through its work on the social investment market and ‘what works’ centres, is showing leadership in encouraging longer-term planning. The Department of Health and the Department for Work and Pensions are placing more strategic priority on early action in some policy areas. But most departments and their officials remain cautious. Some local authorities seem more determined to use a longer-term approach, but central and local government need to do more to incentivise practitioners to exploit early action potential (paragraphs 3.13 to 3.21).
- **Improving coordination and accountability.** Early action attempts to tackle multifaceted social problems. Therefore bodies must coordinate interventions in the right sequence to maximise success. Aligning goals, working together, careful targeting and sharing data all help achieve this. However, we found little evidence of effective cross-government coordination of early action, either in consistent definition and measurement, or in adequate support structures. We found a mixed picture of bilateral department working, with some good practice, for example strategically in the preventative elements of the drugs strategy and operationally in the Work Programme. More work is needed to find the right balance between clear accountability and local freedom. Locally there are promising signs of breaking down traditional service boundaries and pooling budgets (paragraphs 3.22 to 3.32).
- **Increasing capacity to deliver.** The complex nature of early action interventions requires a combination of skills and capabilities, among them strong project management, good partnership working and a highly skilled delivery workforce. Departments are working to address capacity issues in the frontline delivery workforce, especially in children’s services and youth justice. The Cabinet Office’s work on the social investment market is increasing funding opportunities, but it is too early to assess success. Departments need more capacity to innovate and take bold long-term decisions (paragraphs 3.33 to 3.37).

Conclusion

8 A concerted shift away from reactive spending towards early action can result in better outcomes and greater value for money. The government has signalled its commitment to early action as a principle, and taken some tentative steps towards realising that ambition. We have identified four areas where more can be done: evidence on what works can be gathered more consistently and robustly, and better used; more can be done to identify cashable savings and other benefits; and barriers to organisations joining up, and capability requirements, can be better addressed.

Recommendations

For government

- a** **Government departments and local bodies should agree a consistent definition for early action to ensure comparability of early action activity and spending.** One way forward may be to agree a definition based on the three types of early action we have identified in the report.

For HM Treasury

- b** **HM Treasury should undertake, or commission, an exercise to quantify early action's potential** to reduce public spending, increase economic growth and positive individual and societal outcomes, to inform departmental strategic priorities.
- c** **In ensuring the government's budgetary system supports and incentivises departments to achieve value for money in allocating resources over the medium to long term:**
 - require departments' budgetary submissions to state what level of service and value will be delivered and how performance will be measured on early action projects; and
 - in developing an approach to prioritising spending on the basis of value, work with departments to forecast accurately the monetised and non-monetised benefits of their early action work.

For Cabinet Office

- d** **Ensure there is sufficient capacity at the centre of government to support early action.** The Cabinet Office should review current cross-government structures to consider whether they provide sufficient support and guidance for early action work, and help build capacity where gaps are identified.
- e** **In setting up 'what works' centres, ensure their methodologies use robust cost-effectiveness measures and established ways to calculate and report cashable savings** when applied to early action.
- f** **In driving the social investment market, give delivery bodies guidance on how to link impacts to cost-effectiveness and cashable savings.**

For departments and commissioners

- g** Before the next spending review, consider how early action could reduce long-term service demand, for example by considering which individuals or groups could be best targeted for intervention.
- h** Examine current early action projects in a rigorous and consistent way, using best practice evaluation criteria on cost–benefit analysis and outcome attribution. Compare results to current service and activity costs to inform future priorities, identify opportunities for more early action, and stop or modify those projects producing poor investment returns.

Part One

Introduction

What is early action?

1.1 Early action is providing public services designed to address causes rather than symptoms. In its broadest sense, it is where government departments, local authorities or other organisations use resources aiming to prevent cases becoming more serious or costly.

1.2 Early action applies to individuals, groups and whole areas of policy, such as climate change. It is often associated with early years' policies like Sure Start, but can be relevant to older age groups, such as in health promotion. While conventionally it is seen as a long-term investment, many early action interventions can be relatively short-term and have more immediate effects.

1.3 Early action is often contrasted with 'reactive' interventions, like acute healthcare, but the line between them is not always clear-cut in practice, for example in distinguishing in education between specific interventions (e.g. Sure Start) and normal schooling (e.g. the Foundation Year) for younger children, or when considering how to define neighbourhood policing, where police activity is focused on preventing crime as well as reacting to existing problems. There is no standard definition. Some departments do not define it at all, and those that do use their own interpretation, which means the line between early action and reactive interventions can be contested. For practical purposes, our examination defines early action in terms of specific interventions aimed at individuals or groups, based on the following types (**Figure 1**):

- Prevention (upstream): preventing, or minimising the risk, of problems arising – usually through universal policies like health promotion. Universal programmes generally have less well-defined and measured outcomes than targeted ones.
- Early intervention (midstream): targeting resources on individuals or groups at high risk, or showing early signs of a problem, to try to stop it occurring, such as targeted programmes to divert young people at risk of offending.
- Early remedial treatment (downstream): intervening once there is a problem, to stop it getting worse and redress the situation, for example actions to prevent reoffending in the youth justice system.

Figure 1

Examples of early action interventions by department and type



Source: National Audit Office analysis of departmental early action strategies and interventions

1.4 This report focuses on early action in social policy, encompassing health, education and youth crime reduction. In this context, we have reviewed relevant early action approaches in four departments: Health, Education, the Home Office and the Ministry of Justice (focusing on the Youth Justice Board). We considered examples from the Department for Work and Pensions and the Department for Communities and Local Government, including illustrative examples from some local authorities. We also examined relevant early action issues under the remit of the Cabinet Office and HM Treasury.

Early action in health and social policy

1.5 A number of reports² in recent years have highlighted how early action could be used better to provide positive social and economic outcomes and long-term savings. They have noted that this is the best way to make lasting improvements in people's lives, reduce inequalities and prevent problems becoming embedded.

1.6 In July 2010 the government commissioned an independent review into early intervention in children's lives, led by Graham Allen MP, and it has recognised that early action is important in public service provision. The 2012 Social Justice strategy explicitly adopts early intervention as one of its two main principles.³ Among our four case study departments, all are engaged in early action programmes or implementing policies that contain elements of early action (Figure 1) and refer to early action in their objectives (Figure 2). But none are yet planning a significant shift in resources.

1.7 It is difficult to identify spending on early action given there is no consistent or agreed definition across departments and early action spending is rarely identified in accounts. In addition, funding for some areas of early action, such as in youth justice, is supplied by more than one department. We have analysed published documents and spending data in our four case study bodies, and on the basis of our definition and scope⁴ (paragraph 1.3) estimate that spending on early action is approximately £12 billion, or around 6 per cent of the bodies' spending in 2011-12 (Figure 3 on page 14). This is not materially different to recent years.

1.8 Early action has been more fully embraced by the Scottish and Welsh Assembly governments. In Scotland, £500 million (9 per cent of total annual government spending) has been channelled into early action programmes from April 2012, in response to the 2010 Christie Commission.⁵ The Welsh Assembly is pioneering a duty on sustainability for all its spending departments, to encourage a long-term, preventative approach.⁶

2 Examples include: Graham Allen MP, *Early Intervention: The Next Steps. An Independent Report to Her Majesty's Government*, January 2011, and *Early Intervention: Smart Investment, Massive Savings*, July 2011; Community Links, *The Triple Dividend*, November 2011; Community Links, *The Deciding Time*, November 2012; New Economics Foundation, *The Wisdom of Prevention*, 2012.

3 HM Government, *Social justice: transforming lives*, March 2012, available at: www.dwp.gov.uk/docs/social-justice-transforming-lives.pdf

4 There are other important aspects of the Ministry of Justice's work which could be interpreted as early action, such as mediation in family breakdown, because, when successful, mediation can reduce costs and time in the family courts. The most significant element of early action undertaken by the Ministry is in the youth justice system.

5 Scottish Government, *Renewing Scotland's Public Services – Priorities for Reform in Response to the Christie Commission*, September 2011.

6 Welsh Government, *One Wales: One Planet. A Welsh Government Discussion Paper – Sustainable Development Bill*, WG14084, November 2011.

Figure 2

Case study departments' strategic priorities containing elements of early action

Department	Number of strategic priorities	Number of strategic priorities containing elements of early action	Examples of relevant strategic priorities and associated actions
Department of Health	5	2	<p>Strategic priority 2 is to promote better health outcomes.</p> <p>For example: Action 2.6: Ensure greater access to talking therapies to reduce long-term costs for the NHS, publish mental health strategy and improve offender mental health.</p>
Department for Education	6	4	<p>Strategic priority 5 is to support children in the foundation years.</p> <p>For example: Action 5.2: Ensure access to sufficient and high-quality early years provision.</p>
Ministry of Justice	5	3	<p>Strategic priority 1 is to introduce a rehabilitation revolution.</p> <p>For example: Action 1.8: Ensure the youth justice system delivers improved outcomes on rehabilitation and safeguarding young offenders while providing better value for money.</p> <p>The Youth Justice Board itself has four strategic priorities, of which the first is to work in partnership to prevent offending and the second is to prevent reoffending.</p>
Home Office	7	4	<p>Strategic priority 3 is to create a more integrated Criminal Justice System.</p> <p>For example: Action 3.6: Help the police, voluntary organisations and local communities to reduce serious youth violence.</p>

Source: National Audit Office analysis of departmental structural reform plans and Youth Justice Board business plan, 2012–2015

Figure 3

Estimated spending on early action by the case study departments, 2011-12

Department	Estimated spending on early action (£bn) ¹
Department of Health ²	5.2
Department for Education	6.8
Ministry of Justice, including Youth Justice Board	0.1
Home Office ³	0.1

NOTES

- 1 All amounts are estimates and rounded to the nearest £0.1 billion.
- 2 This figure is based on the Department of Health's analysis for proposed spending on Public Health for 2012-13. Some of this amount may relate to activities that do not fall within the definition of early action set out in this report.
- 3 This figure does not include day-to-day police crime prevention activities.

Source: National Audit Office analysis of department business plans, resource accounts, and strategy documents

Deficit reduction and localism

1.9 Deficit reduction and localism create challenges and opportunities for early action. Facing budget cuts until 2015 and beyond, public sector bodies are seeking new ways to make cuts while achieving desired outcomes. Having already made savings around discretionary spend, many are looking to change more fundamentally how they operate, and some are looking to early action.⁷ For example, the Department of Health has translated early action into its operating model and cost reduction plans by establishing a 'public health' directorate from April 2013.

1.10 Much early action has always been delivered locally. But under this government, increasing devolution of commissioning and service provision means that some early action programmes are being decentralised and will only continue if local commissioners decide to maintain funding them. Examples include the following:

- The Positive Futures programme: 91 local projects aimed at diverting young people from crime, substance misuse and anti-social behaviour. Home Office funding for this and other local drugs, crime prevention and community safety programmes will cease on 31 March 2013. In 2013-14, Police and Crime Commissioners will receive funding from a transitional, un-ring-fenced Community Safety Fund to invest in local priorities.

⁷ Comptroller and Auditor General, *Cost reduction in central government: summary of progress*, Session 2010–2012, HC 1788, National Audit Office, February 2012.

- Intensive remedial education programmes, such as Every Child Counts and Reading Support/Reading Recovery, are no longer separately funded by the Department for Education. The Department will continue to financially assist providers of approved programmes until 2015, although individual schools who decide there is need for the programmes must meet the salary costs for specialist teachers from their own budgets.
- Youth inclusion programmes and youth inclusion and support panels are aimed at diverting the most 'at risk' young people from offending. Funding for this sort of prevention activity, previously part of the Youth Justice Board's grant to Youth Offending Teams, is now split between a range of bodies including local authorities. Increasing local discretion regarding delivery models has led to a variety of different approaches in local authorities, some led by Youth Offending Teams and some based within wider children's and youth services. Whatever the delivery model, local commissioners now have more autonomy to decide how to spend the money to best reduce first-time entrants to the youth justice system and reduce reoffending.
- The 2012 Health and Social Care Act devolved many responsibilities and resources for commissioning healthcare services to local clinical commissioning groups. The Act also transfers responsibility for public health to local authorities from 2013.⁸

The rest of this report

1.11 Part Two examines the potential of early action to be value for money, including by increasing growth and reducing 'reactive' spending. Part Three identifies the main challenges to effective early action and discusses progress in addressing them, illustrated with examples from the Department of Health, Department for Education, Home Office and Youth Justice Board. Our evidence draws on our reports, published evaluations, and departmental documents. Further details on our approach and evidence are in Appendix One and Appendix Two.

⁸ National Audit Office, *Departmental Overview: A summary of the NAO's work on the Department of Health 2011-12*, October 2012.

Part Two

Value-for-money potential

2.1 In theory, early action can benefit society in three ways: reducing public spending, raising economic activity and improving other outcomes.⁹ These include better outcomes both for individuals and society as a whole, for example through reduced inequalities and increased social mobility.

2.2 This part of the report:

- considers the scale of the issues and number of people that early action could address, and its potential impact on economic growth;
- examines early action's potential for reducing public spending; and
- examines evidence for the cost-effectiveness of individual interventions, including illustrative examples of early action programmes with robust evidence of costs and benefits.

Potential impact on economic growth

2.3 A number of academic studies have concluded that those who have adverse experiences in early childhood will be more likely to suffer disadvantage in education attainment, health outcomes and employment later in life and be more likely to turn to crime. One study, for example, has claimed that severe childhood abuse or neglect affects brain development by up to 30 per cent,¹⁰ and another study claims that a child's development score at just 22 months can serve as an accurate predictor of educational outcomes at age 26.¹¹

⁹ For example, see Community Links, *The Triple Dividend*, November 2011.

¹⁰ Graham Allen MP, *Early Intervention: The Next Steps. An Independent Report to Her Majesty's Government*, January 2011, page 16.

¹¹ See footnote 10.

2.4 Analysis from household survey data found that 11 per cent of adults (5.3 million people) in the UK experience, at any one time, three or more of the six areas of disadvantage (including education, health, employment, income, social support, and housing and local environment). More specifically, the Department for Work and Pensions reported in its social justice strategy paper¹² the following statistics:

- The number of UK households where no-one has ever worked is nearly 300,000.
- Children who are eligible for free school meals are around four times more likely to receive a permanent exclusion from school than those children who are not.
- Forty per cent of newly sentenced prisoners said they had been permanently excluded from school, 46 per cent said they left school with no qualifications, and 24 per cent of all prisoners stated they had been taken into care.

2.5 The impact on economic growth of successfully addressing all multiple disadvantage has not been calculated. Experts disagree on these issues and the causes of multiple disadvantage, but the stakes are high. Some recent studies suggest that the impact of addressing specific areas through early action could be considerable. For example:

- In 2010, the OECD analysed the links between cognitive skills, educational attainment, and economic growth. It found that, if cognitive skills could be improved even slightly through early intervention, there would be a resulting improvement in the educational attainment scores of 15-year-olds in the UK, and predicted that this could result in GDP growth of approximately £49 billion per year.¹³
- The NAO's 2012 report on the free entitlement to education for three- and four-year-olds¹⁴ set out the Department for Education's estimates of the expected monetised benefits. The Department calculated potential benefits of up to £4.4 billion in additional annual family income, if all parents who would like to return to work or work longer hours were able to do so. In its impact assessment, the Department estimated that achieving five A*–C grades at GCSE improves lifetime earnings by £45,000 compared with achieving no GCSEs. Based on this, the Department estimated that if the extension helps 5,542 more children achieve five GCSEs at grade C or above, the benefits of extending the entitlement would exceed its costs.

¹² HM Government, *Social justice: transforming lives*, March 2012, available at: www.dwp.gov.uk/docs/social-justice-transforming-lives.pdf

¹³ Organisation of Economic Co-operation and Development, *The High Cost of Low Educational Performance: The Long-Run Economic Impact of Improving PISA Outcomes*, 2010, page 24.

¹⁴ Comptroller and Auditor General, *Delivering the free entitlement to education for three- and four-year-olds*, Session 2010–2012, HC 1789, National Audit Office, February 2012.

Potential reduction in public spending

2.6 We estimate that, in 2011-12, the total amount of ‘social’ expenditure targeted on individuals by government was £377 billion, or around 53 per cent of total spending.¹⁵ This includes relevant spending by the departments in this report’s scope (Health, Education, Work and Pensions, Justice, Communities and Local Government and the Home Office), as well as relevant spending by local government, and includes the amount spent on early action.

2.7 The £377 billion contains significant amounts that by their nature are not reducible by early action, such as state pensions, disability benefits, maternity services and most school and college spending. However our recent reports have also shown that, by intervening early and at the right time, reactive public spending could be reduced while at the same time improving people’s lives. For example:

- **In special educational needs, focused support over many years can bring high net returns.** Our 2011 report¹⁶ estimated that the cost to the public purse of supporting a person with a moderate learning disability through adult life (16 to 64 years old) is £2 million to £3 million at today’s prices. Equipping a young person with the skills to live in semi-independent rather than fully supported housing could, in addition to quality-of-life improvements, reduce these lifetime support costs by around £1 million. Supporting one person with a learning disability into employment could, in addition to improving their independence and self-esteem, reduce lifetime costs to the public purse by around £170,000 and increase the person’s income by between 55 and 95 per cent.
- **In youth justice, the earlier the successful intervention, the higher the return.** In our 2010 report on youth justice¹⁷ we found that, of the 83,366 young offenders aged 10 to 17 who committed their first proven offence in England and Wales in 2000, two-thirds of them reoffended subsequently. The younger the first-time offender, the more offences they subsequently committed. Of those who committed their first proven offence when they were 10 or 11 years old, 32 per cent had committed 10 or more proven offences by 2009, compared with 14 per cent of those who committed their first proven offence when they were 16 or 17. We calculated that the average marginal cost of a young offender to the criminal justice system is £8,000 per year. Therefore the marginal cost alone of the first-time young offenders in 2000 has run into billions of pounds over ten years. In our 2010 report on the youth justice system in England and Wales, we estimated the cost of youth crime in 2009 may have been as much as £8.5 billion to £11 billion.¹⁸

¹⁵ National Audit Office analysis of 2011-12 Departmental Resource Accounts: Consolidated Statement of Comprehensive Net Expenditure figures, and analysis of Local Government Financial Statistics.

¹⁶ Comptroller and Auditor General, *Oversight of special education for young people aged 16 to 25*, Session 2010–2012, HC 1585, National Audit Office, November 2011.

¹⁷ Comptroller and Auditor General, *The Youth Justice System in England and Wales: Reducing offending by young people*, Session 2010-11, HC 663, National Audit Office, December 2010.

¹⁸ See footnote 17.

2.8 There are other areas that could potentially be reduced by early action. To give some examples, in health in 2011-12 an estimated £4.2 billion was spent on obesity, £2.7 billion on alcohol misuse and a further £2.7 billion on smoking-related illness. In education there are remedial numeracy and literacy classes, and dealing with behavioural issues in school. And the government has calculated that £9 billion is spent on the 120,000 most troubled and chaotic families in England, with wider costs to the local community.

2.9 Not all or even most of this ‘negative’ spending could be reduced by early action, and calculating a categorical total for potential spending reduction by early action across government is not possible, for several reasons:

- Intervention costs could be high which would reduce any net benefits.
- Information on activity and unit costs across most departments and public sector bodies is patchy and incomplete.
- The line between ‘normal’ or ‘enabling’ expenditure and ‘potentially reducible’ spending on reactive services is subjective, especially in education and health.
- The lack of good evidence on cashable savings in early action programmes hampers the attempt to reach a ‘net’ overall figure for potential reductions.

Evidence on cost-effectiveness and cashable savings

2.10 In terms of individual programmes, the evidence on cost-effectiveness is in general weak in terms of its robustness and applicability to early action practice in the UK (as much of the best evidence comes from US early action programmes).

2.11 The first Allen review¹⁹ assessed hundreds of early intervention programmes against four standards: **intervention specificity** (clarity about what the intervention is trying to achieve, for whom, and how); **evaluation quality**; **size of impact**; and **system readiness** (interventions which can be integrated into public service infrastructure and which have realisable economic benefits). A total of 72 programmes met the minimum quality criteria against all four standards, of which 19 met the very ‘highest’ criteria set by the review for evaluation quality and impact. Of these, only eight were available in the UK.

19 See footnote 10.

2.12 Figure 4 summarises evidence reported in the first Allen review on the cost-effectiveness of three early intervention programmes in the ‘most robust’ category. It suggests that social returns to investment in the range of 2:1 to 4:1, over the long-term, are reasonable for at least some early action programmes.

2.13 If departments carried out more work on spending categories and analysis of the drivers of spending, it would enable a better understanding of the potential reduction in public spending that early action could achieve. This work would be helped by better information on the cost of departmental activities and more detailed evidence on cost-effectiveness of early action interventions.

2.14 Understanding the unit costs of existing (reactive) interventions is crucial to measuring cost-effectiveness and making the case for investing in early action. Against an overall patchy performance, we did find instances of good practice. The Department for Work and Pensions measured the cost of the long-term unemployed and used it as a basis to inform the Work Programme. Leicestershire County Council has calculated the costs of troubled families in their dealings with local services, such as policing. The Council has combined these unit costings with anticipated impacts based on national evaluations of the intervention approach to make robust estimates of cashable savings to partner agencies. These have helped convince local partners to contribute funding to a pooled budget.

Figure 4
Evidence on cost-effectiveness of selected early action interventions

Programme	Description	Type of evidence	Impact and cost-effectiveness assessment
Family Nurse Partnership	Targeted at first-time teenage mothers. Intensive visits by specially trained nurses during pregnancy and first two years after birth. UK piloting started in 2007 and the programme covers 84 sites (at January 2013). Department of Health aims to double capacity to 13,000 places by 2015.	High-quality US evaluations (including three randomised controlled trials ¹ (RCTs) and cost-benefit analyses based on participant outcomes at ages 15 and 19. Department of Health has commissioned evaluations including a large-scale multi-site RCT.	US evidence found benefit-to-cost ratios in the range of 3:1 to 5:1.
Incredible Years	Parenting programme for those with children at risk of conduct disorder. Delivered in various local authorities, often via Sure Start children's centres.	At least ten US-based RCTs have shown positive impacts. Small-scale RCTs conducted in the UK (Birmingham and Wales).	Identified by the National Institute for Health and Clinical Excellence (NICE) as cost-effective in reducing conduct disorder. Lifetime costs which can be avoided range from £75,000 in milder cases to £225,000 in extreme cases.
Multisystemic therapy (MST)	Aims to improve parenting capacity, increase young people's engagement with education, reduce offending, and tackle underlying health or mental health problems. Youth Justice Board is encouraging local youth justice services to use MST.	US and European RCTs. UK RCT undertaken by the Brandon Centre in partnership with Camden and Haringey Youth Offending Teams.	US evidence suggests benefit-to-cost ratio around 2.5:1.

NOTE

- 1 Randomised controlled trials are widely recognised as the most robust way to determine whether or not a particular intervention is achieving its intended impacts compared with another or no intervention. They involve randomly assigning study subjects to a 'treatment' or 'control' group, who are then followed-up over a specified length of time and compared against an agreed set of outcomes.

Source: National Audit Office review of analysis cited in Graham Allen MP, *Early Intervention: Next Steps*, January 2011

Part Three

Challenges and progress

3.1 While early action has the potential to deliver beneficial outcomes cost-effectively, it faces particular challenges. The deep-seated problems it seeks to address mean that early action has to be coordinated across many services and sustained over the long term, within a system oriented towards short-term results. These underlying challenges are compounded by the current economic environment.

3.2 In this part we set out the key challenges, and assess how government is responding to them, under the headings:

- understanding what works;
- overcoming short-term bias;
- coordination and accountability; and
- capacity to deliver.

Understanding what works

The challenges

3.3 Impacts from government interventions are often hard to measure because other factors are at play. It is difficult to know what would have happened without any intervention. Many NAO reports over recent years have shown that even when interventions are short term and have clear, tangible impacts, poor outcome and cost measurement and benefits attribution prevent government and Parliament understanding whether the spending was cost-effective.

3.4 These challenges are greater in the case of early action, for several reasons:

- The intended impacts are often long term and depend on a wide range of coordinated, sequenced interventions. This magnifies the difficulties of attribution.
- There are uncertainties about whether and where the benefits of early action will materialise. There are also practical difficulties of reducing existing acute services. These factors undermine the confidence of public bodies that investing in early action will provide them with cashable savings.

- Much of the most robust impact evidence comes from the US. The extent to which that can be translated to a UK context is often unclear. In particular, much of the US evidence assumes implementation ‘from scratch’, whereas early action commissioners and providers more often need to understand which incremental improvements to make to their existing programmes.
- As discussed in Part One, identifying which spending should count as early action is not straightforward, and departments and delivery bodies define early action in different ways. This compounds the traditional difficulties that the public sector has in attributing costs to activities, outputs and outcomes.

Government’s response

Generating and using robust evidence

3.5 Our review has found instances of good practice in identifying impacts. For example, two of our case studies (Family Nurse Partnerships and multisystemic therapy) are being evaluated using randomised controlled trials, the most robust form of evidence on impacts (Figure 4 on page 21). We also found instances where targeting was informed by good evidence on risk factors. For example the Youth Justice Board uses risk factors associated with the onset of offending to target local prevention activities. **Figure 5** shows good practice by the Department of Health in planning, monitoring and evaluating Family Nurse Partnerships.

Figure 5

Evidence base: Family Nurse Partnership (FNPs)

Design and planning	FNP is based on a US programme which has been running for 30 years and has been subject to high-quality evaluation (including randomised controlled trials (RCTs) and cost-benefit analyses based on child outcomes at ages 15 and 19). It has gradually been expanded, starting in 2007 (with ten sites) and now has 84 sites (at January 2013).
Implementation and monitoring	The programme is licensed from the University of Colorado Denver on condition of implementation fidelity. As a result, the programme team at the Department of Health support sites to deliver the programme in line with the licensing requirements, share good practice and monitor fidelity indicators and routine data on enrolment, retention, and maternal/infant health and development.
Evaluation and impacts	Formative evaluation on the first ten sites showed the programme could be successfully delivered in a UK context and suggested positive results for mothers and children at age two. On this basis the programme was expanded and the Department of Health has commissioned a large-scale RCT to evaluate impacts and cost-effectiveness, due to report in 2014. The Department has said that future cost savings will accrue to a range of stakeholders including local authority services, but data is not yet available in England to forecast possible savings.

Source: National Audit Office analysis of published evaluation reports and department documents

3.6 We have also found examples where departments should have done better in generating and using evidence:

- In 2003 the Department of Health launched the Health Inequalities programme when the knowledge base underpinning health inequalities was still developing. From 2003 to 2006 the programme lacked effective measures to demonstrate that it was on track to meet its 2010 target. And until 2010 the Department's performance management was not based on monitoring how far key interventions were being implemented. As a result it was not clear why areas were performing well or poorly, and what action was needed to address poor performance.²⁰
- Our 2010 report on youth justice²¹ concluded that practitioners in the youth justice system did not know which interventions have the most impact on reducing reoffending. Yet there has been little research published in this area by the Youth Justice Board or Ministry of Justice since 2006. With the prospect of reducing resources, the youth justice system is therefore in a weak position to know which activities to cut and which to keep, so that outcomes do not deteriorate.
- In our report on the Department for Education's free education entitlement programme for three- and four-year-olds,²² we found there was no effective way of matching children's outcomes at age five to whether they received the free entitlement. And while there were estimates of the economic benefits of the programme, the Department has not established metrics to track progress towards this aim. The Department has recently committed to a new, large-scale longitudinal study to evaluate the progress and development of children from ages two and three to the end of Key Stage 1.
- Our 2010 report²³ on the government's drugs strategy criticised the absence of a comprehensive evaluation framework to assess the reductions in harm from problem drug use. The Home Office have publicly committed to and are preparing a drugs strategy evaluation framework in response.

3.7 There is little evidence on interdependency between early actions. It is not known how much the long-term benefits of particular interventions depend on successfully targeting and implementing subsequent interventions. A 2010 Institute of Education review²⁴ reported "very little research evidence" to inform the optimal timing of interventions. The review called for more longitudinal research following up participants to see if immediate impacts continue over the longer term.

20 Comptroller and Auditor General, *Tackling inequalities in life expectancy in areas with the worst health and deprivation*, Session 2010-11, HC 186, National Audit Office, July 2010.

21 Comptroller and Auditor General, *The Youth Justice System in England and Wales: Reducing offending by young people*, Session 2010-11, HC 663, National Audit Office, December 2010.

22 Comptroller and Auditor General, *Delivering the free entitlement to education for three- and four-year-olds*, Session 2010-2012, HC 1789, National Audit Office, February 2012.

23 Comptroller and Auditor General, *Tackling problem drug use*, Session 2009-10, HC 297, National Audit Office, March 2010.

24 Thomas Coram Research Unit, Institute of Education, *Issues in Earlier Intervention: Identifying and Supporting Children with Additional Needs*, DCSF Research Report 205, March 2010.

3.8 There may be some evidence that failing to monitor risk factors effectively, or to reinforce the positive effects of earlier interventions, can mean that the benefits of early action do not last. For example:

- Our 2012 report on the free education entitlement²⁵ reported that while children's development as measured at age five had improved, results at age seven had not. Since our report, the latest results do suggest some improvement, but the relationship between education at different ages is not straightforward, and it is not yet clear that the entitlement is leading to longer-term educational benefits.
- The most recent evaluation of Sure Start Local Programmes²⁶ followed up children at age seven and their families. It found that some positive maternal and family impacts had persisted since the previous assessment when children were five. But there were no consistent differences on any of the child development outcomes. The evaluators concluded that positive parenting effects identified by age three may be too little too late. It recommended that Sure Start needs to focus on providing services that will more directly improve child outcomes, in particular developing language and communication. The revised core purpose of Sure Start children's centres recognises the need to promote evidence-based practice and focus on specific outcomes.

Evidence on cost-effectiveness and cashable savings

3.9 We noted in Part Two the lack of robust evidence on impacts which are attributable to specific interventions and linked to accurate measures of cost. But even where there is good evidence on cost-effectiveness, we have found examples where the information is not properly used. For instance, in the Health Inequalities Programme, the most cost-effective interventions on stopping smoking and reducing blood pressure and cholesterol were known in 2007. But in 2010 we reported that take-up of these interventions was low in many local areas.

Identifying and disseminating 'what works'

3.10 The government has identified, and is addressing, the need to assess the quality of existing evidence on what works in early action, and disseminate the more robust findings to service commissioners and providers. In health, the National Institute for Health and Clinical Excellence (NICE) has been fulfilling this role for some years. NICE produces evidence-based guidelines, for the Department of Health and the National Health Service, on the most cost-effective ways to prevent, diagnose and treat disease and ill health. The Department of Health is also setting up from April 2013 a new agency – Public Health England – to provide a centre of expert knowledge and intelligence as well as practical support, on public health and well-being issues.

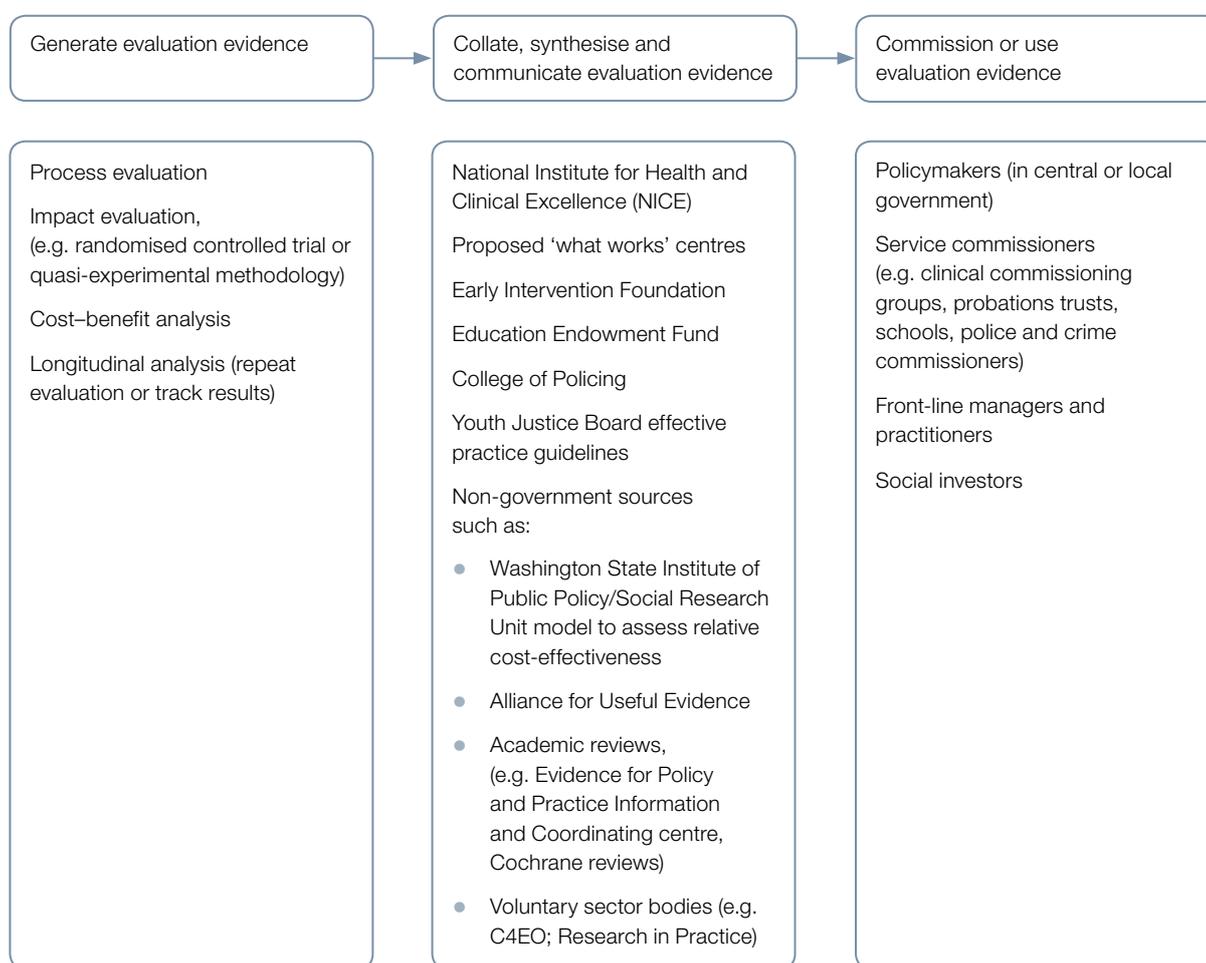
²⁵ See footnote 22.

²⁶ NESS, Institute for the Study of Children, Families and Social Issues, Birkbeck, University of London, *The impact of Sure Start Local Programmes on seven year olds and their families*, DfE Research Report 220, June 2012.

3.11 The *Civil Service Reform Plan*²⁷ recently outlined plans to create similar bodies for social policy. The Cabinet Office, working with the Alliance for Useful Evidence,²⁸ is developing plans to establish several ‘what works’ centres to collate, synthesise and communicate outcome and cost–benefit evidence to inform local commissioners’ spending decisions. **Figure 6** illustrates the range of bodies active in this area, but also highlights the potential complexity of multiplying sources of evidence for practitioners.

Figure 6

The evidence chain: advising on ‘what works’ in early action



Source: National Audit Office analysis

²⁷ HM Government, *The Civil Service Reform Plan*, June 2012.

²⁸ The Alliance for Useful Evidence is a network created by the National Endowment for Science, Technology and the Arts (NESTA), the Economic and Social Research Council, and the Big Lottery Fund. For further information visit: www.nesta.org.uk/areas_of_work/alliance_for_useful_evidence

3.12 However, we also found evidence of the government's lack of urgency. In response to the second Allen review, in 2011 the Department for Education agreed to invite tenders to establish an Early Intervention Foundation to synthesise and disseminate evidence on interventions targeted at children or their parents. The procurement process in agreeing funding across departments and choosing a provider is due to complete in 2013.

Overcoming short-term bias

The challenges

3.13 Electoral cycles focus the attention of politicians on addressing acute problems and taking action that can provide results or reduce risks in the short term. Particularly in times of financial austerity, determined leadership can be necessary to divert resources away from pressing and highly visible needs, like acute medical services or dealing with crime and criminals in line with public expectations, towards early action programmes which require sustained investment, given that outcomes can be long term and need to be reinforced over time by layering different interventions.

Government's response

Leadership

3.14 There are some positive indications of cross-government leadership from the Cabinet Office. As well as developing 'what works' centres (paragraph 3.11), the Cabinet Office is leading across government to find ways to encourage more innovative approaches to social investment (see Figure 9 on page 34). In the Treasury, we found interest in the principle of early action, but caution regarding the robustness of the cost-effectiveness evidence for many early action interventions and concern that in such cases investment would be too speculative at a time of budget constraints.

3.15 Within departments we found support for the principle of early action, reflected in some of the high-level departmental objectives. The Department of Health has translated this into its organisational structure by appointing a Director General for Public Health. But many of the senior officials we interviewed said that shifting significant resource away from reactive services, without clearly understanding the risks involved, would be difficult.

3.16 Our previous reports have highlighted how ineffective leadership has delayed implementing early action initiatives. For example, we reported²⁹ that the Department of Health took nine years to adopt an effective strategic approach, from announcing that reducing health inequalities was a key aim in 1997 to properly embedding it in NHS policy frameworks and including it as a key NHS indicator in 2006. The programme also lacked an effective mechanism to make local improvements as primary care trusts' commissioning of local services, a key tool to provide greater equity in access to health services, was largely underdeveloped for many years.

29 See footnote 20.

3.17 We found some local authorities which are taking a strong lead and comprehensive approach to early action (**Figure 7**). Forty have declared themselves ‘early intervention’ areas and are interested in taking forward the early action agenda. Some of these are also piloting community budgets, which are intended to help align different funding streams.

Budgets and spending controls

3.18 The UK Budget process as a whole does not currently have enough focus on the long term. Current budgetary processes are medium term, with the Treasury-led spending review covering 3–4 years. But the government’s fiscal framework has as one of its key aims the need for “sustainable public finances ... promoting intergenerational fairness”,³⁰ and we found in our 2012 report on managing budgets that the “UK budgetary process does not include the sort of longer-term vision seen in other countries” which “could help inform strategic decision-making”. This would be “more conducive to the development of spend-to-save initiatives, which require a willingness to accept short-term costs in return for later benefits”.³¹

3.19 In response to the challenging financial environment, the Treasury has tightened its control of departmental spending, for example by allowing departments less flexibility to exceed annual budgets. Where short-term contingency plans have to be drawn up to live within expenditure limits, there is some evidence that departments have identified some early action investment as areas that could be reduced because of their flexibility compared to acute service spending. While this may be sensible in some cases in current fiscal circumstances, it may also reflect the finding that departments and the Treasury lacked good information to properly compare the value from different resource allocation options and inform spending prioritisation when budget-setting.³²

Figure 7

Early action in Nottingham

One Nottingham is a strategic planning partnership that brings together public, private, community and voluntary sector representatives in Nottingham, led by Nottingham City Council. The partnership redesigned its services around early intervention as part of a long-term community strategy to 2020. The longer-term vision for 2030 is to address intergenerational poverty through coordinated early intervention. The partnership is implementing a series of evidence-based early action programmes running from pre-natal parenting support for pregnant teenagers, through each stage of pre-school, primary and secondary education to age 18, layering interventions at different ages and combining universal and more targeted services. To support an early intervention approach, Family Community Teams have been created in geographical areas to identify children and families with high risk factors and low protective factors and to enable appropriate levels of support – additional, extensive and protective. This ensures a whole family approach, a focus on tackling causes rather than symptoms, promoting access to evidence-based programmes and agreeing plans with the family. The impacts of this approach are currently being evaluated.

Source: One Nottingham, City of Nottingham Sustainable Community Strategy 2020, July 2009

30 HM Treasury, *Charter for Budget Responsibility*, April 2011.

31 Comptroller and Auditor General, *Managing budgeting in government*, Session 2012-13, HC 597, National Audit Office, October 2012.

32 See footnote 31.

Incentives

3.20 Departments have an important role incentivising providers to take a preventative perspective. Our previous reports provide examples where efforts to do this have not been successful:

- In 2012³³ we identified that the Department of Health did not incentivise GPs to undertake all nine of the NICE-recommended diabetes care processes as a bundle, resulting in avoidable expenditure on diabetes-related complications and even avoidable deaths. We estimated £170 million annual savings could be achieved through earlier detection and better management of diabetes-related complications.
- The Department for Education has sought to use the free entitlement programme as a lever to drive up quality in local early education provision by encouraging local authorities to include quality supplements in local funding arrangements. However, in some cases, authorities set supplements at too low a level to influence provider behaviour. Learning from this experience, the Department has shifted the emphasis to strengthening the eligibility criteria that providers must meet to qualify for public funding.³⁴

3.21 There are also examples of departments making incentive structures better aligned to reward longer-term action. For instance, the NAO report into addressing health inequalities³⁵ highlighted a need to develop existing incentive frameworks to encourage GPs to intervene more with their at-risk patients. The Department of Health accepted this and from 2013 is changing the GPs' performance assessment framework to include more expectation of evidence-based public health and primary prevention work.

Coordination and accountability

The challenges

3.22 The social problems that can be addressed by early action are often interrelated and to target them effectively, early interventions need to be effectively integrated. For example, a child and her parents may need different social, health, education and employment interventions simultaneously (and in the right sequence), from perhaps 20 different bodies over many years.

33 Comptroller and Auditor General, *The management of adult diabetes services in the NHS*, Session 2012-13, HC 21, National Audit Office, May 2012.

34 See footnote 22.

35 See footnote 20, and HM Treasury, *Government Response to the Third to the Thirteenth Reports from the Committee of Public Accounts*, Session 2010-11, Cm 8014, February 2011.

3.23 Strategically, effective coordination requires shared goals, aligned incentives and the right machinery. Operationally, it means a shared understanding of who to target, when and how; the right combination and sequencing of interventions; and shared data between different organisations or fields of practice. Because most early action is delivered locally, but 95 per cent of spending is funded from central taxation, the general challenge of striking the right balance between local freedom and clear accountability to Parliament applies particularly to early action.

Government's response

Across Whitehall

3.24 We found little evidence of effective cross-government coordination of early action. We have noted the absence of efforts to define and measure different types of early action consistently (paragraph 1.7). The Social Justice Cabinet Committee discusses early action, and is supported by officials from the Department for Work and Pensions, but it appears to have limited influence over the rest of government. The recommendation in the second Allen review in July 2011 for a cross-departmental 'task and finish' group to drive and coordinate early action across government has not been addressed.

Department-level joint working

3.25 Among departments we found good examples of joint working and shared goals in some policy areas, but others where 'silo' working remains. Several joint strategies relate to early action. For example, the Home Office leads on the overall Drugs Strategy, and within this the Department of Health and the Department for Education lead jointly on reducing demand, including preventative measures. And there is some new joint working operationally, for instance, the Department for Work and Pensions and the Ministry of Justice have agreed data sharing protocols on matching offenders with benefit claims. They then calculate a payment by results 'rate card' for placing ex-offenders into employment under the Work Programme. The Department for Education also oversees and provides support and challenge to the delivery of three Department of Health programmes part-delivered in Sure Start Children's Centres.

3.26 But lack of integration in many areas impairs effective early action implementation, as in the following examples:

- The Department of Health and the Department for Education could work together better by linking the Healthy Child Programme more closely to the Early Years Foundation Stage, which supports school-readiness. Strategies are still separate for supporting families in the early years, and up until recently there were two different sets of development checks for two-year-olds. The departments have recognised this and are currently piloting an Integrated Review for two-year-olds, combining elements of the Healthy Child Programme and the Progress Check from the Early Years Foundation Stage. The Review is planned to be fully implemented by 2015. The two departments are also working together to address barriers to information sharing between the early years workforce and the NHS.

- Our report on health inequalities³⁶ reported that the Department of Health's funding, other targets, and incentives were not sufficiently aligned with the health inequalities target. This was adversely affecting primary care trust and local effectiveness in tackling the issue. It was only from 2008 that the Department took measures to improve joint working, including, in collaboration with the Department for Communities and Local Government, aligning the NHS and local government's performance management systems to help identify local need and priorities.

Central–local coordination

3.27 Close working between central and local government is increasingly important for early action as responsibilities are devolved. Good communication and information sharing are integral to this, but variable. In 2012³⁷ we found that some policies leave local government and its partners with gaps in the information they need to plan effectively. Our 2010 report into special education for 16- to 25-year-olds³⁸ reported that separating funding and commissioning responsibilities for specialist placements had led to cases where local authorities did not inform the Young People's Learning Agency that students had transferred to a different funding band, or withdrawn. This resulted in the Agency overpaying the providers concerned. On the other hand, Leicestershire County Council was positive about the collaborative approach of the Troubled Families Unit in the Department for Communities and Local Government in developing an outcome monitoring framework that met both local and central needs.

3.28 Departmental accounting officers are responsible for developing accountability system statements to set out how local systems will show that they are value for money. At November 2012 seven departments had published their accountability system statements. None of these specifically mention early action programmes in working with local authorities or the voluntary sector. Finding robust accountability arrangements is challenging. For example the Youth Justice Board is accountable for outcomes against its statutory aim to prevent offending but has limited influence over local authority spending in this area.

3.29 The Early Intervention Grant is an important example of an early action funding stream that is devolved to local bodies, where central oversight and local freedoms can be challenging to reconcile. The grant, launched in 2010 to support services for children and young people, is not ring-fenced: it is for each local authority to determine how to spend the funds. Data are available in section 251 statements³⁹ for spending on broad items such as early education, but there is no requirement to report specifically on how the Early Intervention Grant has been spent.

³⁶ See footnote 20.

³⁷ Comptroller and Auditor General, *Central government's communication and engagement with local government*, Session 2012-13, HC 187, National Audit Office, June 2012.

³⁸ Comptroller and Auditor General, *Oversight of special education for young people aged 16–25*, Session 2010–2012, HC 1585, National Audit Office, November 2011.

³⁹ All local authorities have to submit annual budget and outturn statements on the planned and expected expenditure on education and children's social care functions, as required under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009.

3.30 Figure 8 shows the funding allocated through the Early Intervention Grant in 2011-12 and 2012-13, including funding for the expansion of the free education entitlement to two-year-olds from 2012-13. The Department has announced that the Early Intervention Grant will be absorbed into CLG's new Business Rates Retention system from April 2013.

Coordination locally

3.31 We found promising signs of more effective cooperation locally, with delivery and commissioning bodies rethinking their approaches, in some cases with considerable innovation. Early indications are that the 'Troubled Families' initiative and community budget pilots have catalysed local authorities and other local bodies to work more collaboratively across traditional service boundaries. They have pooled budgets and are instigating more multi-agency working at the frontline, though it is too early to conclude on their effectiveness.

3.32 Our previous reports have found an inconsistent picture. For example, our 2010 report on youth justice⁴⁰ found that 75 per cent of Youth Offending Teams had good or excellent strategic relationships for providing access to other services. However, arrangements between Youth Offending Teams and Children's Services in local authorities vary, and there was inconsistency about when support would be given. This meant that some young people could have been helped with their needs before committing offences rather than afterwards.

Figure 8
Early Intervention Grant spending, 2011–2013

	2011-12 (£bn)	2012-13 (£bn)
Early Intervention Grant	2.235	2.079
Funding for free education entitlement for two-year-olds	–	0.291
Total Early Intervention Grant	2.235	2.370

NOTE

1 Figures are not indexed for inflation.

Source: National Audit Office analysis of published spending data

40 See footnote 21.

Capacity to deliver

The challenges

3.33 The nature of early action programmes requires effective programme management and partnership working skills, and a good understanding of robust evidence and how to commission it. In addition, with the advent of new financial mechanisms like social impact bonds,⁴¹ early action managers need good commercial and financial skills. Recent government-commissioned reports by Field⁴² and Tickell⁴³ highlight that it is critically important to improve the skills and qualification levels of the early years delivery workforce. Above all, public bodies need the capacity to take risks and think strategically in changing operating models and leading cultural change.

Government's response

3.34 A lack of key skills hinders implementing effective early action. For example, our 2006 report on Sure Start⁴⁴ identified variable expertise in financial management as a barrier, although we found in our 2009 report that there had been notable improvements.⁴⁵ We have also found that primary care trusts were generally slow to develop robust commissioning skills.⁴⁶ Departments are taking action to improve early action practitioner capability, in different ways:

- The Department of Health is retaining responsibility for increasing its public health capacity. For example, it has set in place measures to recruit and train 4,200 more health visitors.
- The Department for Education is working with local authorities on the Children's Improvement Board, which examines ways to improve commissioning practice and workforce development needs in early action work for children.
- Between 2006 and 2011, the Department gave £555 million through the Graduate Leader Fund to early education providers to train and employ graduate leaders and thus raise the quality of the early years workforce.⁴⁷

41 Social impact bonds are financial investment mechanisms, where private investment is used to pay for interventions, with returns depending on improving social outcomes.

42 Frank Field MP, *The Foundation Years: Preventing Poor Children Becoming Poor Adults, Independent Review on Poverty and Life Chances*, December 2010.

43 Dame Claire Tickell, *The Early Years: Foundations for Life, Health and Learning, An Independent Review of the Early Years Foundation Stage to Her Majesty's Government*, 2011.

44 Comptroller and Auditor General, *Sure Start Children's Centres*, Session 2006-07, HC 104, National Audit Office, December 2006.

45 Memorandum for the Children, Schools and Families Committee, *Sure Start Children's Centres*, National Audit Office, December 2009.

46 See footnote 20.

47 See footnote 22.

- The Youth Justice Board no longer provides ring-fenced funding for preventative programmes, which are co-funded from the youth justice grant and other sources, inhibiting capacity to track what is spent, and identify what works and is cost-effective. To address this and inform good practice guidance for the sector, the Youth Justice Board is funding work to develop the 'Investing in Children' cost-benefit model for specific local programmes in youth justice, including different types of early action. Youth Offending Teams have the autonomy to decide which programmes to adopt, if any, or they can develop their own.

3.35 The Cabinet Office is building capacity in the social investment market, through removing current legal and regulatory barriers to social investment funding, and promoting innovative social investment mechanisms, like social impact bonds. These bonds are beginning to be used for many different types of social policy, including helping children's services (**Figure 9**).

3.36 In November 2012, the Cabinet Office announced a new £20 million Social Outcomes Finance Fund which will help to create up to 20 social impact bonds and aim to attract additional £60 million investment from social investors. The aim of the fund is to build capacity for greater collaboration between public sector commissioners tackling complex issues across multiple departments.

3.37 Departments are also trialling payment by results approaches in a number of early action programmes. For example, the Youth Justice Board has implemented a pilot aimed at reducing the use of youth custody, giving additional funding to Youth Offending Teams in four local authorities on the basis that they will invest the money in programmes that will reduce the number of nights spent in custody. There are 'disincentives' in the form of claw-back of funding if teams miss the targeted reduction.

Figure 9

An example of a social impact bond: funding early intervention for children on the edge of social care in Essex

In November 2012, Essex County Council announced that it had awarded a contract to Social Finance and Action for Children to provide a social impact bond to improve outcomes for young people at risk of going into care. The bond will fund a five-year programme to provide intensive support to approximately 380 young people and their families.

The target is to divert around 100 young people from entering care by supporting them and their families in their homes. Impact will be measured by the reduction in days spent in care, as well as improved school outcomes, well-being and reduced reoffending.

The social impact bond will be funding multisystemic therapy.

Source: Cabinet Office website, www.cabinetoffice.gov.uk/news/new-boost-help-britain%E2%80%99s-most-vulnerable-young-adults-and-homeless

Appendix One

Our audit approach

1 This study examined the early action landscape across government, focusing on whether early action can be value for money and whether government is making the most of that potential. We examined:

- the context and drivers for early action across government;
- the potential for early action to be value for money; and
- how effectively government is fulfilling that potential, with particular reference to early action examples from four departments.

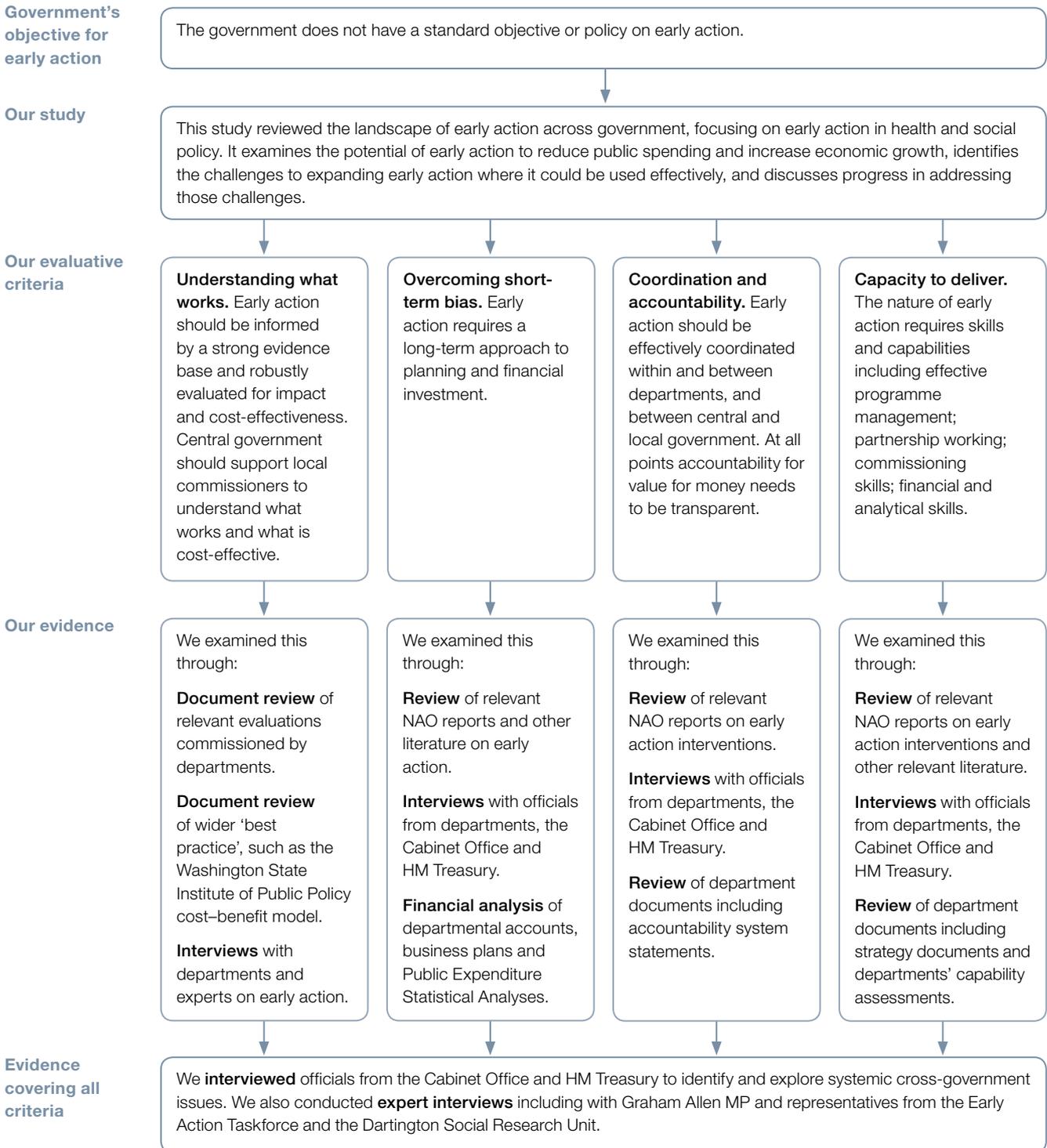
2 At the outset of the study, based on our literature review and initial consultations with departments, we identified that available definitions of early action are not consistent. We define 'early action' as interventions that government departments fund (either directly or through local authority grants) with the specific aim of preventing individual cases from reaching a more serious, and therefore costlier, status.

3 During the first stage of our fieldwork we used our initial review findings to develop this definition into a three-stage categorisation of early action interventions, based on progress towards the most serious and costliest state. This is aligned with the categories identified in early action literature.⁴⁸ We aimed to examine a broad range of interventions across our three 'types', covering both targeted and more universal programmes. We developed and applied an analytical framework which uses evaluative criteria drawing on NAO good practice in areas such as project initiation, commissioning, and partnership working.

4 Our audit approach is summarised in **Figure 10** overleaf. Our evidence base is described in Appendix Two.

⁴⁸ For example: Community Links, *The Triple Dividend*, November 2011; New Economics Foundation, *The Wisdom of Prevention*, April 2012; National Endowment for Science, Technology and the Arts (NESTA), *Innovations in Prevention*, October 2012.

Figure 10
Our audit approach



Appendix Two

Our evidence base

1 We reached our independent conclusions on the landscape for early action across government following our analysis of evidence collected between July and November 2012. Our main methods were:

Interviews

2 We conducted over 30 interviews with officials from the Cabinet Office and HM Treasury, departments, and early action experts and other stakeholders. In addition, we interviewed representatives from two local authorities, Leicestershire and Nottingham City. We conducted:

- scoping interviews with senior officials in the case study departments;
- follow-up interviews or roundtable discussions with relevant early action policy, programme or project leads within departments;
- interviews with senior officials in the Cabinet Office, HM Treasury, and the Department for Work and Pensions; and
- interviews with early action ‘experts’ and other stakeholders from bodies which fund or commentate on early action, including the Early Action Taskforce, the Dartington Social Research Unit, and Graham Allen MP.

Literature review

3 We mined the NAO back-catalogue for previous reports relevant to early action, in particular those on specific areas like Sure Start, the free education entitlement, adult diabetes care, health inequalities, and the youth justice system.

4 We reviewed evaluation literature and other reports on early action, including relevant government-commissioned reviews; systematic reviews; reports from various House of Commons select committees on areas relevant to early action, such as the Justice Select Committee into youth justice; and related published evidence submissions.

Document review

5 We reviewed a number of documents to better understand departments' general approaches to early action and specific early action programmes. The documents we reviewed included:

- departmental structural reform plans and related business plans;
- strategy documents;
- departmental resource accounts;
- business cases, impact assessments and other relevant departmental documents; and
- published evaluations on specific early action interventions.

Financial analysis

6 We analysed departmental accounts, business plans and Public Expenditure Statistical Analyses to estimate the scale of 'social spending' on individuals.

Case studies

7 We reviewed 13 case study early action interventions (**Figure 11**), to understand more about how the departments had addressed the challenges we identified in our evaluative framework. The case studies drew on the findings of our previous reports where relevant and were also informed by document review and interviews with department officials.

Figure 11

Case study early action programmes and funding streams

Department or agency	Programme	Description
Department of Health	NHS health inequalities intervention toolkit	Programme of interventions to reduce the rate of premature deaths in deprived areas.
	Diabetes care processes	Minimum standards for good diabetes care, to reduce the risk of avoidable complications.
	Family Nurse Partnerships	Programme for vulnerable teenage first-time mothers and their children (aged 0 to 2).
	Chlamydia screening programme	Initiative to identify infection, treat those infected and reduce transmission, long-term complications, or both.
	NHS Health Checks	Programme of vascular risk assessment and management.
Department for Education	Sure Start	Multi-agency early education, childcare, health and family support provided in single location.
	Free early education entitlement for three- to four-year-olds (extending to two-year-olds)	All three- to four-year-olds eligible for 15 hours per week free early education. Extending progressively to two-year-olds from 2013.
	Pupil Premium funding	Additional funding to improve attainment of children from low-income families and looked-after children, awarded to schools based on the number of children who have claimed free school meals. Schools decide how to use the funding.
Ministry of Justice (Youth Justice Board)	Youth Inclusion Programmes	Local projects to re-engage young people most 'at risk' of school exclusion, truancy or offending, aiming to prevent first-time offending. Use of this approach is decided by local Youth Offending Teams.
	Multisystemic therapy (MST)	Programme to treat youths with serious behaviour problems and prevent offending, aimed at 10- to 17-year-olds. The use of MST is decided locally.
	Youth Justice Reinvestment Pilots	Pilots to incentivise local Youth Offending Teams to reduce the use of youth custody.
Home Office	Positive Futures	Diversionary programme of local projects aimed at 10- to 19-year-olds at risk of drug abuse and offending.
	Ending Gang and Youth Violence	Two-year programme of support for local areas to strengthen their response to gangs, youth violence, or both, including prevention work.



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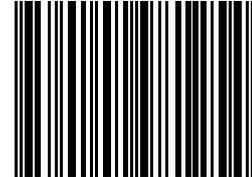
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