



EARLY
INTERVENTION
FOUNDATION

ADVOCACY

SPENDING ON LATE INTERVENTION

HOW WE CAN DO BETTER FOR LESS

HAROON CHOWDRY AND CAREY OPPENHEIM

TABLE OF CONTENTS

Foreword	4
Summary	6
Introduction	9
Methods and data sources	10
Current spending on Early and Late Intervention	12
How much do we spend on Late Intervention for children and young people?	12
<i>The national perspective</i>	12
<i>The local perspective</i>	17
How much do we spend on Early Intervention and prevention services for children and young people?	18
What might a better way of doing things look like?	21
Examples among the EIF's 'Pioneering Places'	25
<i>Cheshire West and Chester</i>	25
<i>Croydon</i>	25
<i>Essex</i>	26
The way forward	28

ACKNOWLEDGEMENTS

This report and the technical analysis underpinning it have both benefited from a range of helpful comments and contributions. In particular, we are grateful to Ray Shostak, Jake Hayman, Alison Stathers-Tracey, Clare Burrell, Caroline Slocock, Cody Xuereb, Daniel Breslin, Laura Caton, Toby Evans, Julian Cox, Leon Feinstein, Donna Molloy, Kirsten Asmussen and Ann Griffiths. Nevertheless, the analysis and findings presented in this report are the views of the authors only.

The aim of this report is to support policy-makers, practitioners and commissioners to make informed choices. We have reviewed evidence from authoritative sources and provide examples of promising and innovative approaches. These suggestions must be seen as supplement to rather than a substitute for professional judgement. None of these examples of promising approaches provide guaranteed solutions or quick fixes.

The report includes reference to research and publications of third parties: the What Works centre is not responsible for, and cannot guarantee the accuracy of, those third party materials or any related material.

Foreword

Early Intervention is about addressing the root causes of social disadvantage, ensuring that everyone is able to realise their full potential by developing the range of skills we all need to thrive. It is about getting extra, effective and timely interventions to all babies, children and young people who need them, enabling them to flourish and preventing harmful and costly long-term outcomes.

The Early Intervention Foundation's (EIF) aim is to shift spending, action and support for children and families from Late to Early Intervention, from picking up the pieces to giving everyone the best start in life. We are a charity championing Early Intervention programmes and practice from conception to young adulthood. As a 'What Works Centre' our focus is on catalysing the use of evidence to inform policy and practice, with the goal of driving improvements to children's outcomes and breaking intergenerational patterns of disadvantage and dysfunction.

The focus of this report is on the immediate and short-run fiscal costs of Late Intervention: the acute, statutory and essential benefits and services that are required when children and young people experience significant difficulties in life, many of which might have been prevented.

We estimate that in England and Wales we are spending nearly £17 billion¹ per year on addressing the damaging problems that affect children and young people such as mental health problems, unemployment and youth crime. This is only the immediate fiscal cost in a single year and although it is substantial, it does not capture the longer term impact of these poor outcomes (which can last into adult life and sometimes into the next generation), nor the wider social and economic costs. Late Intervention is not just expensive, it is also difficult to argue it is money spent well. It rarely turns lives around, as seen in recidivism rates for young offenders and poor transitions to adulthood for children in care. What these figures represent is merely the immediate impact on the taxpayer of thousands of lives blighted by thwarted potential and missed opportunities. The human and social costs are far greater.

We do not argue that *all* of this cost could be prevented. Going into care or receiving treatment for acute mental health problems is unquestionably the best solution available for some children and young people. But many of these children and young people might have had a different journey if they or their family had received the right help at an earlier time. Effective and timely Early Intervention should at least put a dent in the need for Late Intervention, and in so doing will free up space in services that are under unprecedented pressure. It can change the life-chances of those children and young people in a way which is better for public services and the economy, generating long term savings as well as improved lives.

This report not only looks at the total cost of short-run Late Intervention but also where that cost currently falls. The £17 billion is spread across different public

¹ See box on next page for further detail.

agencies at national and local level – from local authorities, the NHS, schools, welfare, police to the criminal justice system. Local authorities bear the largest share at £6.5 billion, followed by welfare costs of £3.7 billion and NHS costs of £3 billion. The national estimates we provide are drawn from a similar analysis for each local authority in the country. At local levels we hope that the analysis will catalyse a more preventive approach to commissioning services, by giving local decision-makers and commissioners robust local numbers to help them make the case for increased local pooling of budgets and improved joint action on Early Intervention.

The Report highlights the promising ways in which Early Intervention can and is working in some of our Pioneering Places. These areas are leading the way in understanding local needs, using evidence to shape decisions on commissioning, and engaging in bold system change from the grassroots to the political leaders, to address problems earlier and use resources much more effectively.

While we have estimated how much is spent on Late Intervention, there is no comprehensive estimate of Early Intervention spending for children and young people at either national or local level. And, while all the major political parties are signed up to Early Intervention in principle, there is no government department or Cabinet Minister charged with putting prevention and Early Intervention into action. Yet, the scale of costs illustrated in this report, and the wasted potential and anguish that these costs represent, should make Early Intervention a key priority of any incoming government.

If we are committed to reducing the fiscal deficit that the adults of the future are left with, we should also apply such foresight to reducing the social problems they will experience. This report shows that these two aims are not mutually exclusive, but can be achieved jointly. That is the prize to be won if the next government can put Early Intervention at its heart.

Carey Oppenheim
Chief Executive, Early Intervention Foundation

Late Intervention spending on children and young people

Definition: the short-run direct fiscal cost of acute, statutory and essential benefits and services that are required when children and young people experience severe difficulties in life.

This is an annual fiscal cost in England and Wales and therefore does not capture the longer term impact or the wider social and economic costs.

Approach: this is a first estimate of these immediate fiscal costs. It is original work conducted by the EIF. The technical paper is available now for consultation. We welcome comment and methodological challenge. We intend to have improved estimates that HM Treasury and others can use to inform the next Spending Review.

Summary

Aims

- This report estimates how much our public services – locally and nationally – spend on Late Intervention for children and young people, responding to the more severe problems that they experience. We use ‘Late Intervention’ as an umbrella term for a range of acute or statutory services that are required when children and young people experience significant difficulties in life, as well other support they may draw upon such as welfare benefits. This report provides initial estimates of the annual cost to the taxpayer of such Late Intervention. As an annual estimate it only captures the immediate fiscal costs, not longer-term impacts.

In focussing on this spending, our work aims to identify current potential fiscal benefits of Early Intervention, and to show a trajectory for what might be aspired to over the life of a five-year parliament. These costs can not all be reduced quickly, but neither are they all necessary and inevitable.

- We estimate how much is spent each year in England and Wales on dealing with the following issues:
 - Crime and anti-social behaviour
 - School absence and exclusion
 - Child protection and safeguarding
 - Child injuries and mental health problems
 - Youth substance misuse
 - Youth economic inactivity
- The costs are broken down by fiscal cost for each outcome, spend by area of government and spend by area of government in a local authority.

Findings

- Nearly £17 billion per year is spent in England and Wales by the state on short-run Late Intervention, with the largest single items being the costs of children who are taken into care (Looked After Children), the consequences of domestic violence, and welfare benefits for 18-24 year olds who are not in education, employment or training (NEET). Late Intervention services in the area of child protection and safeguarding account for over a third of the total, followed closely by spending in response to crime and anti-social behaviour.
- The £17 billion is spread across many different public agencies at national and local level – from local authorities, the NHS, schools, welfare, police to the criminal justice system. Local authorities bear the largest share at £6.5 billion, followed by welfare costs of £3.7 billion and the NHS at £3 billion.
- Providing effective Early Intervention in a local area requires commitment across the relevant partners in a place. The local analysis of Late

Intervention spending will provide evidence to make the case to Health and Wellbeing Boards, Community Safety Partnerships and others about the need to reduce demands on their acute or specialist services through a combined focus on effective Early Intervention.

- While a detailed ‘bottom-up’ estimate of spending on Early Intervention has never been collated, existing estimates suggest this spending represents a much smaller fraction of relevant budgets than Late intervention does. For example, while we find that Late Intervention spending in response to anti-social behaviour and youth offending amounts to £1.4 billion a year, it has been estimated previously that the Home Office and Ministry of Justice spend only £200 million on Early Intervention to prevent youth crime.²
- The EIF has now reviewed the evidence for hundreds of Early Intervention programmes in order to understand what works; many have shown the potential to address the problems outlined in this report, with careful commissioning and high quality implementation.
- As examples from our Pioneering Places show, impactful Early Intervention requires effective systems for identifying individuals or families with problems, working out what help is needed and bringing different services together to work collectively to reduce demand in the system. Close collaboration and alignment of the work of different agencies is necessary and can reduce duplication.
- Success also depends on the skill of frontline practitioners in building relationships with families, identifying need and providing the appropriate support or opportunity. This is not however just the responsibility of the team or service with Early Intervention in their job title; all of the workforce and wider community should feel able to spot and help a struggling family, parent or young person.

The way forward

We believe we can start to turn things around through the following steps:

Prioritising Early Intervention

- A challenge for national and local government to reduce the £17 billion Late Intervention spending by 10% – £1.7 billion – over the life of the next Parliament, through better and smarter investment in Early Intervention.
- An incoming government should redirect resources and inefficient spending into a dedicated and ring-fenced Early Intervention Investment Fund tied to the life of the next Parliament. Supplemented by private sector capital such as social investment, this would be awarded to councils, healthcare providers, schools, the voluntary and community sector and other organisations with ambitious plans to redesign local public services around effective Early Intervention.

² National Audit Office (2013), *Early action: landscape review*.

Incentivising local services to work together better through public service reform and system transformation

- Ensure public agencies are better able to pool budgets and share information about the communities they serve.
- Health and Wellbeing Boards should have a key focus on Early Intervention for children and young people.
- Putting those most in need at the centre of public service reform efforts by ensuring that all public service transformation plans have a clear focus on how they will improve the reach of services locally and prioritise the most vulnerable.

Putting the Early Intervention agenda at the heart of government

- Early Intervention is the smart and realistic choice for using ever scarcer public money. However, the current broad acceptance of this principle must be matched by the political will to back it for the country's long-term interest.

Introduction

Our vision at the Early Intervention Foundation is to ensure that every baby, child and young person is able to realise their potential. By intervening early before problems become difficult to solve, we can reduce the likelihood of poor long-term outcomes for children, their families and society at large. This not only benefits children themselves but also the wider economy.

If we are to catalyse and achieve a shift in how we support children and young people by intervening earlier, we need to know how much money we spend on both Late and Early Intervention and who spends it. In this first briefing the main focus is on the overall scale and costs of Late Intervention for children and young people – that is, acute services and other spending required because of significant difficulties and problems on the journey to adulthood. We also look at which agencies at national and local level carry those costs. Our analysis only examines short-run annual costs, not potential longer-term costs which are substantially higher.

More specifically, we estimate how much is spent each year on the following sets of issues:

- Crime and anti-social behaviour
- School absence and exclusion
- Child protection and safeguarding
- Child injuries and mental health problems
- Youth substance misuse
- Youth economic inactivity

Knowing what is spent on Late Intervention is useful because it illustrates a *potential* ‘fiscal prize’ from Early Intervention: if children at risk can be helped early on and their needs prevented from becoming entrenched, then they are less likely to require statutory intervention or acute services – freeing up resources and reducing pressure on the system. While the services themselves are valuable and important, and it is neither desirable nor possible to completely eliminate the need for them, the fiscal challenges we face do require action to minimise the demand on them as far as possible.

Importantly, the figures presented here are merely the immediate, short-term annual cost, not a projected cost cumulated over years or decades. Expressing Late Intervention spend in this form makes it more comparable to the current costs of Early Intervention. It is well accepted that Early Intervention can provide substantial potential benefits over the very long-term, estimated elsewhere to be as much as £486 billion over 20 years.³ However, not only are there considerable uncertainties inherent over such a long time frame, but these potential benefits do not sit easily within budgetary or political cycles. By focussing on *current annual* government spending on Late Intervention for children and young people while they are still

³ Action for Children (2013), *The Red Book 2013: Children under pressure*.

children and young people, this work aims to identify current potential fiscal benefits of Early Intervention, and show a clearer trajectory for what might be aspired to over the life of a five-year parliament. These costs cannot all be reduced quickly but neither are they all necessary and inevitable.

Other studies have estimated annual costs of specific problems: youth crime and unemployment both cost over £1 billion a year,⁴ and the cost of dealing with child behavioural disorders is estimated at £1.6 billion a year.⁵ In healthcare, it was estimated that the NHS spent nearly £10 billion in 2011–12 on the costs of obesity, alcohol misuse and smoking-related illness.⁶ In this work, we provide a more ‘global’ estimate of costs which aggregates across all the key issues above rather than focussing on one. The costs presented here are also ‘bottom-up’ estimates, rooted in actual data on children and young people and the services they use, within each local area and for the country as a whole. This means we are also able to estimate acute service spend for each local area, in addition to the overall national amount.⁷ Technically these are **first estimates** that will be improved through consultation over the next six months; nevertheless, they are the best available estimates and can be used to inform decision-making and debate.

Methods and data sources

Our general approach for arriving at the immediate fiscal cost of each of the issues above is to take the quantity of acute services or other Late Intervention – obtained from published statistics – and combine that with an estimated ‘unit cost’ of providing it. This has the advantage of being directly linked to what we know about outcomes for children and young people, and the services they require. However, estimates of unit costs for public services tend to be for the country as a whole, even though the true cost of providing a service may vary significantly from one local area to another. Therefore, where it would lead to more robust results, we have also used published data on actual local authority spend on particular acute services. Table 1 sets out in more detail the costing approach for each issue.⁸

⁴ The Prince’s Trust (2010), *The Cost of Exclusion: Counting the cost of youth disadvantage in the UK*.

⁵ Department of Health (2013), *Annual Report of the Chief Medical Officer 2012, Our Children Deserve Better: Prevention Pays*.

⁶ National Audit Office (2013), *Early action: landscape review*.

⁷ We have local estimates for every local authority in England, but not in Wales. This is because many of the figures used in this report are only available for Wales as a whole.

⁸ More detail on the costing methodology is available in a separate technical appendix.

TABLE 1. INFORMATION USED TO ESTIMATE IMMEDIATE LATE INTERVENTION COSTS

Issue	Information upon which fiscal cost is based
Crime and anti-social behaviour	<ul style="list-style-type: none"> • Reported cases of domestic violence⁹ • Reported anti-social behaviour incidents • Young people in the Youth Justice System (YJS)
School absence and exclusion	<ul style="list-style-type: none"> • Number of persistent absentees • Number of permanent school exclusions • Annual spending on Pupil Referral Units
Child protection and safeguarding	<ul style="list-style-type: none"> • Annual spending on Looked After Children • Number of Child Protection Plans • Number of Children in Need¹⁰
Child injuries and mental health problems	<ul style="list-style-type: none"> • Children admitted to hospital due to injuries • Children admitted to hospital due to mental health • Children admitted to hospital due to self-harm
Youth substance misuse	<ul style="list-style-type: none"> • Young people admitted to hospital due to substance misuse • Children using specialist substance misuse treatment services • Children admitted to hospital due to alcohol
Youth economic inactivity	<ul style="list-style-type: none"> • 16-17 year olds who are NEET¹¹ • 18-24 year olds who are NEET

It is important to note certain limitations of this analysis. As stated above, this is a *first estimate* that we intend to improve through consultation. Judgements have been made about which items to include in the analysis; there are additional items that could be included, and different conclusions which might be reached about some of the items that have been included. Second, the items in Table 1 in no way represent the totality of acute services or Late Intervention spending. Rather, these are the principal social issues faced by children and young people for which national and local data are available, along with information on total or unit costs. Third, these measures provide information about *services* not *children*: they reflect local and national decisions about the availability, resourcing and use of services, rather than the underlying well-being of the population. Finally, all the items in Table 1 are important and valuable services for children who need them. While the total cost of these services should not be regarded as wasteful spending, we should take action to reduce the burden placed on these services where we can.

⁹ This analysis focuses on the proportion of cases where children are present, which has been estimated at 90%. See <http://www.refuge.org.uk/get-help-now/what-is-domestic-violence/domestic-violence-the-facts/>.

¹⁰ Excluding cases where the need is classified as child or parental disability.

¹¹ Not in education, employment or training.

Current spending on Early and Late Intervention

How much do we spend on Late Intervention for children and young people?

The national perspective

Table 2 shows the scale of each issue, across England and Wales as a whole, along with our first estimate of the resulting fiscal cost. These figures are based on the latest available year (rather than one specific year), which varies for each cost item.

TABLE 2. FISCAL COSTS OF LATE INTERVENTION BY OUTCOME

Cost item	Total number	Annual spend (£m, 2014–15 prices)
Domestic violence cases	750,000	4,060
Anti-social behaviour incidents	2,700,000	960
Young people in the YJS	53,000	474
Persistent absentees	320,000	420
Permanent school exclusions	4,700	450
Looked After Children	73,000	5,150
Child Protection Plans	51,000	280
Children in Need	360,000	570
Child injury hospital admissions	106,000	140
Child mental health hospital admissions	10,500	440
Child self-harm hospital admissions	17,500	40
Youth substance misuse hospital admissions	5,200	3
Children in specialist substance misuse services	23,000	440
Child alcohol hospital admissions	5,200	9
16-17 year olds who are NEET	49,000	30
18-24 year olds who are NEET	800,000	3,690
Total (excluding double-counted costs)		16,640

Overall, nearly £17 billion per year is spent by the state, with the largest single items being the costs of children who are taken into care (Looked After Children), the consequences of domestic violence and welfare benefits for 18-24 year olds who are

not in education, employment or training (NEET). Figure 1 presents the breakdown visually.

FIGURE 1. LATE INTERVENTION SPEND ON EACH COST ITEM

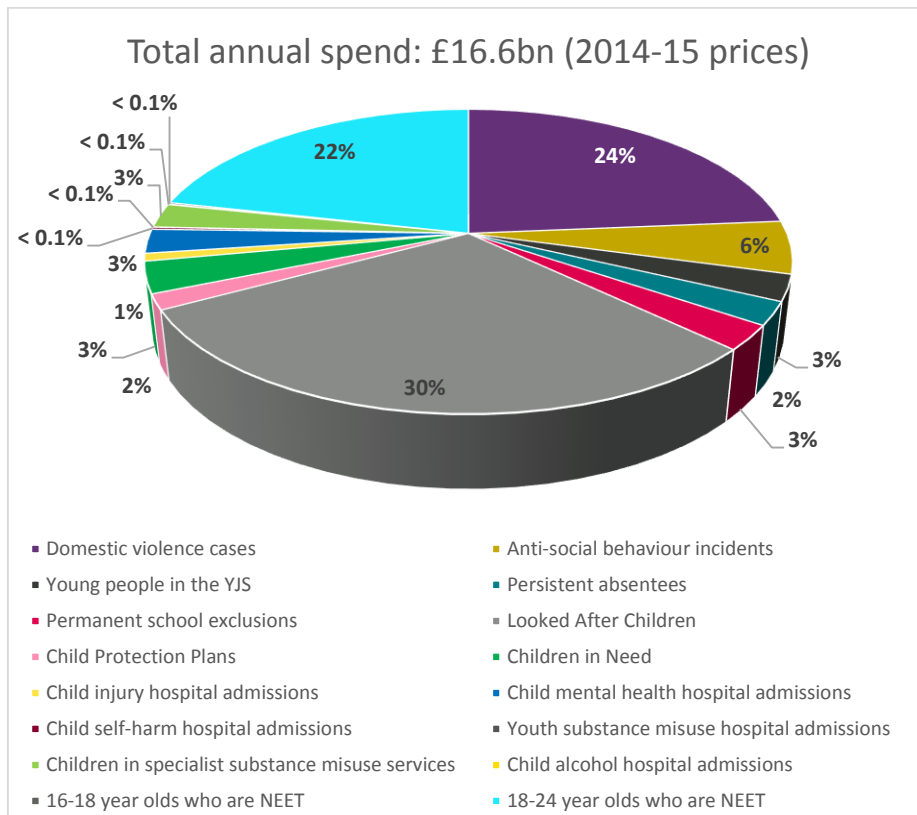
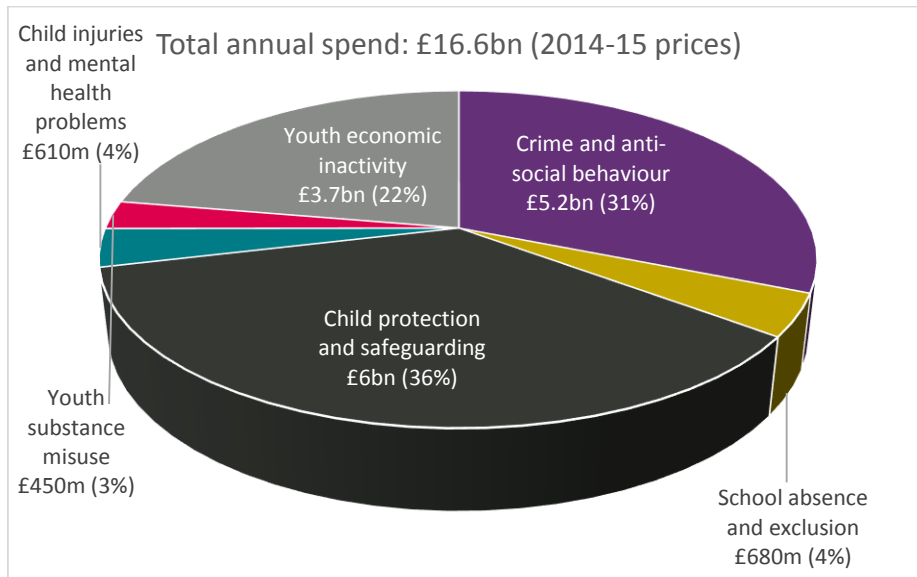


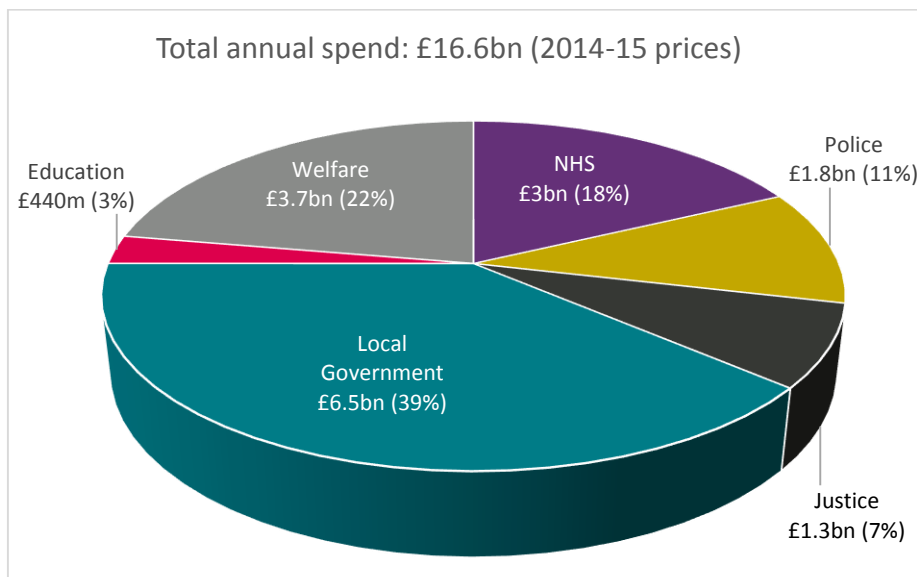
Figure 2 provides a higher level summary by aggregating the cost items under broader headings reflecting a particular issue. This reveals that Late Intervention in the area of child protection and safeguarding accounts for a third of the total amount, followed closely by spending due to crime and anti-social behaviour.

FIGURE 2. LATE INTERVENTION SPEND ON EACH ISSUE



The costs of dealing with these issues fall across different parts of the public sector. Figure 3 sheds light on this by splitting up the £16.6 billion according to the spending department or government agency that ultimately bears the cost. This answers the question of who currently pays for Late Intervention, which is relevant to the debate on public spending but also to the debate on how Early Intervention and prevention should be funded; that is, where the financial contributions towards preventive activity should come from.

FIGURE 3. LATE INTERVENTION SPEND BY AREA OF GOVERNMENT



The local government share is the largest because it reflects the costs of child protection and safeguarding, including over £5 billion per year on Looked After Children. However, it also includes significant costs associated with persistent absence from school and the consequences of domestic violence. This is shown in more detail in Table 3, which breaks down the £16.6 billion both by issue and area of government. Interestingly, the healthcare costs of domestic violence constitute the

largest item within the £3 billion acute service spend by the NHS.¹² Many of the issues considered here are multi-faceted, necessitating late spending by multiple organisations or areas of government. Understanding how these costs are distributed may assist with co-ordinating preventive action at national and local levels.

Locally, these figures can provide useful evidence in making the case to key partners for their contribution to Early Intervention activity. The EIF will provide this analysis individually for our 20 Pioneering Places and support them to use it in highlighting to partner agencies – such as Police, Health, Clinical Commissioning Groups or schools – the extent to which they ‘pick up the tab’ for failure to tackle problems early enough.

¹² While these services are used by the victim (the abused partner) rather than the child, they nevertheless represent an important part of the total short-run fiscal cost of domestic violence incidents where a child is present.

TABLE 3. LATE INTERVENTION FISCAL COSTS BY OUTCOME AND AREA OF GOVERNMENT (£M, 2014-15 PRICES)

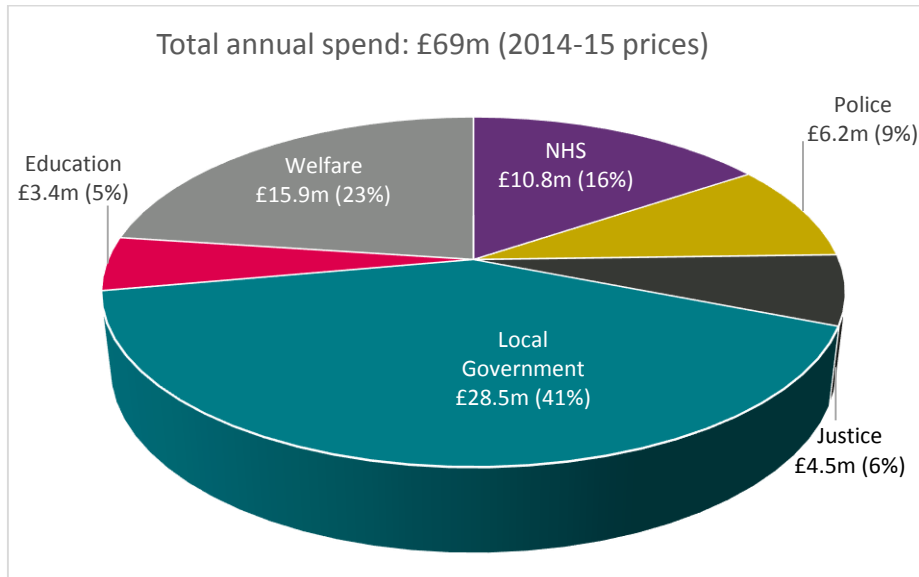
	NHS	Police	Justice	Local Government	Education	Welfare	Total
Domestic violence cases	1,920	760	880	500	-	-	4,060
Anti-social behaviour incidents	-	960	-	-	-	-	960
Young people in the YJS	2	60	390	20	-	-	474
Persistent absentees	20	80	80	230	-	-	420
Pupil Referral Units	0.4	2.8	2.8	6	440	-	450
Looked After Children	-	-	-	5,150	-	-	5,150
Child Protection Plans	-	-	-	280	-	-	280
Children in Need	-	-	-	570	-	-	570
Child injury hospital admissions	140	-	-	-	-	-	140
Child mental health hospital admissions	440	-	-	-	-	-	440
Child self-harm hospital admissions	40	-	-	-	-	-	40
Youth substance misuse hospital admissions	3	-	-	-	-	-	3
Children in specialist substance misuse services	440	-	-	-	-	-	440
Child alcohol hospital admissions	9	-	-	-	-	-	9
16-18 year olds who are NEET	-	-	-	-	-	30	30
18-24 year olds who are NEET	-	-	-	-	-	3,690	3,690
<i>Less double-counting of costs</i>	<i>-20</i>	<i>-90</i>	<i>-90</i>	<i>-320</i>	<i>0</i>	<i>0</i>	<i>-520</i>
Net total	2,990	1,770	1,270	6,450	440	3,720	16,640

Note: Numbers do not add up exactly due to rounding.

The local perspective

As the information presented in Figure 3 has been gathered through the use of local statistics as far as possible, we can also repeat the exercise for a specific local area, showing how much of the immediate fiscal cost in that area falls upon different agencies and areas of government. In Figures 4 and 5 we show examples of this for two local authority populations in England; the exercise can be done for any local authority area.¹³

FIGURE 4. LATE SPEND BY AREA OF GOVERNMENT IN LOCAL AUTHORITY ‘A’



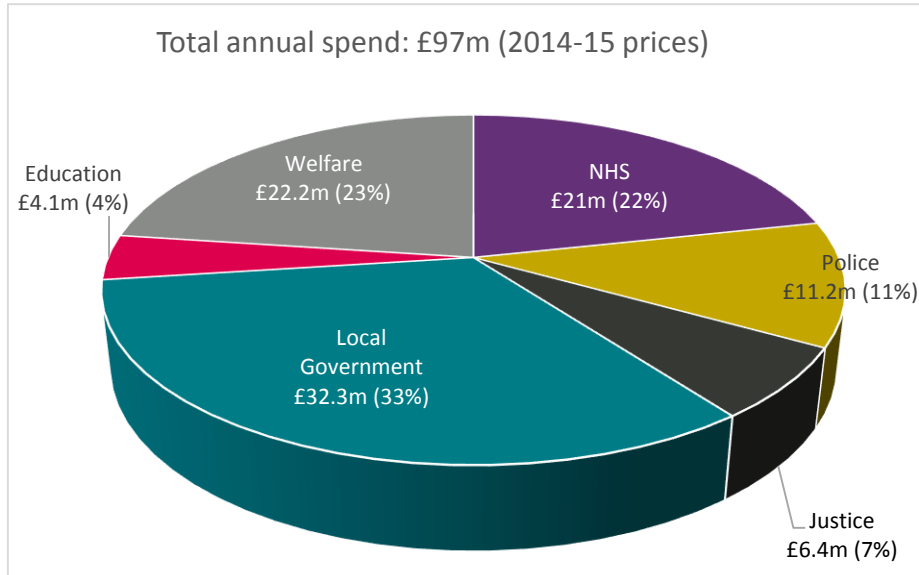
What these figures show is the variation across different local areas in the amount of Late Intervention spend but also in terms of who pays for it. In local authority ‘A’ a larger share is borne by local government; this reflects the higher rate of children’s social care caseloads in that area. In local authority ‘B’ the local government slice is a smaller share of the overall total; acute health service and police spending are instead larger shares of overall spend. These variations reflect inevitable differences in levels of deprivation and the specific issues and challenges that each local area may face.

Providing effective Early Intervention in a local area requires commitment across the relevant partners in a place. For those areas where the budgets, priorities and commissioning of some key agencies are not sufficiently aligned in support of Early Intervention, this analysis will provide evidence to make the case to these partners about how they might reduce demands on their services. We hope those thinking about Early Intervention in local areas will use this data in making presentations to their Health and Wellbeing Boards, their Community Safety Partnerships, their Children’s Partnerships and others, to provoke fresh discussion about the need for a

¹³ Repeating the analysis for Welsh local authorities is more difficult since many of the items of source data are only available for Wales as a whole.

collective effort to take demand out of the system through a combined focus on effective Early Intervention.

FIGURE 5. LATE INTERVENTION SPEND BY AREA OF GOVERNMENT IN LOCAL AUTHORITY 'B'



How much do we spend on Early Intervention and prevention services for children and young people?

Measuring how much is spent on Early Intervention and prevention is a more challenging exercise for a number of reasons. By their very nature, these activities intend to promote better outcomes for children and young people and prevent negative outcomes and acute service demand, they cannot be quantified using the methodology above: that would require information on outcomes that did not happen or acute services which were not used. Instead, to measure preventive spend would require classifying each service or activity under consideration as prevention or Early Intervention (see box below).

WHAT COUNTS AS EARLY INTERVENTION?

‘Early intervention’ is *targeted, preventive activity* which supports people who are at risk of experiencing adverse and costly life outcomes, in order to prevent those outcomes from arising. The activity is not early in terms of a particular stage of life, but early in the onset of problems – *before* the occurrence of such outcomes in order to prevent the costs associated with them. These costs involve some combination of the following:

- Personal harm, with long-lasting effects for the individual or their family
- A wider cost imposed on other people
- A public cost through increased demand upon local or central government resources.

The EIF’s focus is on services and provision from conception to young adulthood, but early intervention applies as a principle across the entire life course; it is in such cases referred to as ‘early action’. In the language of prevention and public health, Early Intervention corresponds to ‘secondary prevention’. It is conceptually distinct from universal services which are early and preventive, but not targeted.

While a detailed ‘bottom-up’ estimate of spending on Early Intervention has never been collated, the estimates that do exist suggest that such spending represents a fraction of the amount spent on Late Intervention. Work by the National Audit Office estimated that only 6 percent of social policy spending (across health, education, crime and justice) could be designated as “early action” – approximately £12 billion in 2011–12.¹⁴ However, almost all of this was in the health and education budgets, where a broader definition of early action had been applied that included universal early years provision, and health services which are not specific to young people. In the Home Office and Ministry of Justice budgets, where the scope of activity was restricted to more closely match the above definition of Early Intervention, only £200 million of relevant spend was identified.

The Troubled Families programme has provided another estimate of the comparative levels of Early and Late Intervention spending – albeit only for the specific group of 120,000 families served by the programme. As part of the business case, a number of government departments identified the fiscal expenditure attributable to these families, both in terms of “targeted” (Early Intervention) and “reactive” (Late Intervention) spend. The analysis revealed that while £8 billion was spent on the Late Intervention for the 120,000 families each year, only £1 billion was spent on services that might be categorised as Early Intervention and prevention.¹⁵

If a future government is serious about moving towards a more preventive approach which addresses problems early on, it will be important to understand current

¹⁴ National Audit Office (2013), *Early action: landscape review*.

¹⁵ Department for Communities and Local Government (2013), *The Fiscal Case for Working with Troubled Families*.

spending on prevention and Early Intervention, linked to actual outcomes for children and young people. Only then can progress be made on both fronts.

In the next section we identify some ways in which Early Intervention is happening in practice in our Pioneering Places. These promising examples illustrate the potential efficiencies and improvements in outcomes for children and young people from acting earlier.

What might a better way of doing things look like?

It does not have to be this way. Whilst the fiscal costs shown in the previous section arise from complex and often entrenched issues which cannot always be predicted or prevented, the evidence is starting to show how these challenges can be tackled to turn lives around and save money. Commissioners and policy makers want to understand what this evidence tells us about how practitioners can support children, young people and families to develop skills and change behaviours. We also need to look at new and innovative approaches to delivering public services, redesigned around the needs of children and families with different agencies working together more effectively to provide the support that is needed.

Effective and timely Early Intervention – providing the ‘right’ help to a child, young person or family at the ‘right’ time – can stop problems getting worse removing the need for much of the expenditure outlined in this report. The EIF has now reviewed hundreds of programmes designed to address the problems that lead to the Late Intervention costs outline above; many have been shown to work if they can be implemented well. Our online [Early Intervention Guidebook](#) provides information and evidence for an initial 50 programmes, which aim to improve child outcomes such supporting children’s mental health, reducing child abuse and neglect, and reducing youth crime.

FIGURE 6. THE EIF GUIDEBOOK FRONT PAGE

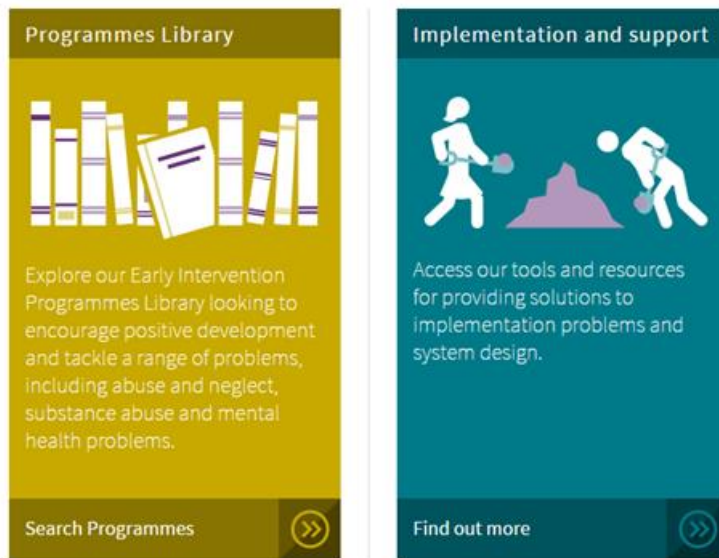


FIGURE 7. THE EIF GUIDEBOOK’S PROGRAMME SEARCH TOOL

1 What outcomes do you want to improve?



Two examples of programmes which have been shown to have strong impacts on improving children’s outcomes are *Incredible Years* and *Multi-systemic Therapy*. They are described below. There are many other programmes and approaches which have also been found effective, if implemented well. We have chosen these two to illustrate the potential of Early Intervention.¹⁶

¹⁶ These are programmes that have found ways to package effective skills and activities, and support their wider implementation. Beyond programmes, other ways to better support children and families through improved commissioning and design of services, training of existing workforces, and better understanding of local needs and provision. Moreover, no programmes or practice has a guarantee of success. However, the evidence on these two programmes provides a well-established proof of concept.

THE INCREDIBLE YEARS PROGRAMME

Incredible Years (IY) is for any parent with a child between the ages of 0 and 12 who has concerns about their child's behaviour. Parents attend between 12 and 16 weekly group sessions where they learn strategies for interacting positively with their child and discouraging unwanted behaviour.

The IY series includes four separate programmes targeting infancy, toddlerhood, the pre-school years and later childhood (e.g. eight to twelve years). Each programme can be implemented universally to all families through schools or children's centres, or can be offered as a specialist Child and Adolescent Mental Health (CAMH) intervention to parents with a child with diagnosed behavioural difficulties.

The IY pre-school programme has consistently demonstrated positive outcomes through multiple randomised controlled trials conducted in the UK and abroad. These outcomes include significant improvements in children's reading skills and pro-social behaviour, as well as decreases in parental reports of physical abuse, stress and depression. In addition, there is good evidence that these benefits are sustained over time. For example, a recent UK study found that IY parents with a child (aged three to seven) diagnosed with severe behavioural problems were significantly less likely to report behavioural and reading difficulties ten years later in comparison to parents who did not attend an IY programme.

The IY programme has undergone several cost-benefit analyses, all demonstrating considerable financial savings when the programme is implemented effectively. One such study conducted in Ireland found that the IY preschool programme had the potential to deliver a taxpayer return on investment of 11% due to reduced education, crime and unemployment costs.*

*O'Neill, D., McGilloway, S., Donnelly, M., Bywater, T., Kelly, P. (2013), "A cost-effectiveness analysis of the Incredible Years parenting programme in reducing childhood health inequalities", *The European Journal of Health Economics*, Vol. 14, No. 1, pp. 85–94.

MULTI-SYSTEMIC THERAPY

Multi-systemic Therapy (MST) is an intensive, family-based intervention that aims to reverse established patterns of anti-social behaviour in teenagers between the ages of 12 and 17. MST does this through a 'whatever it takes' approach that addresses problems existing at the level of the child, family, school and community. Young people identified through the juvenile court system are assigned an MST therapist who is available to the family on a 24/7 basis, but typically provides individual and family therapy through weekly visits that lasting over a period of four and six months.

The MST programme has evidence from several rigorously conducted RCTs of reducing youth offending and improving family harmony. The MST model has also successfully demonstrated benefits in reducing child maltreatment and problematic youth sexual behaviour. A long-term study in the US found that every \$1 invested in the programme returned a saving of \$6.60 to taxpayers via reduced crime costs.* The MST programme is currently being piloted in Essex as part of a Social Impact Bond to reduce young people's entry into the care system as a result of antisocial behaviour (see Essex example below).

*Klitz, S., Borduin, C., Schaeffer, C. (2010), "Cost-benefit analysis of multisystemic therapy with serious and violent juvenile offenders", *Journal of Family Psychology*, Vol. 24, No. 5, pp. 657-666.

Of course, ensuring the 'right' service or intervention is delivered to a child, young person or family, when it is needed, is not an easy task. It requires effective systems for identifying individuals or families with problems and working out what help is needed; it also requires close collaboration between agencies, using combined intelligence to target limited resources for services like home visiting. Rather than health visitors or children's centres alone trying to identify which families may struggle to give their children a good start in life, it is more powerful if this is combined with police data about families where there is drug use, domestic violence, offending or anti-social behaviour. These approaches can also mean Early Intervention reaches those who may be most in need, but who are not in touch with the services that can assist them.

Effective Early Intervention is dependent on the quality and skill of frontline professionals and their ability to build relationships with other professionals and most importantly with the children and families they are there to help. It requires frontline workers who can build trust, really listen to what families tell them they need and who can respond to this creatively even if it means pushing the boundaries of public service roles and silos.

Ensuring Early Intervention reaches those who need it is not just about public services, but also building the capacity of the local community to take an Early Intervention approach. Through the development of various models of community based support, increasingly many parents, young people and others are being supported to mentor, befriend and help other parents or young people on either a voluntary or paid basis.

Examples among the EIF's 'Pioneering Places'

EIF is working closely with 20 Early Intervention "Pioneering Places" across the country. In these areas, different local partners – including councils, police, clinical commissioning groups and voluntary and community organisations – are joining forces in various ways to deliver a more joined-up and effective approach to Early Intervention.

Cheshire West and Chester

Cheshire West and Chester is delivering many of its Early Intervention services through an Integrated Early Support service which was introduced in October 2013.¹⁷ The service brings together the work of over 20 different agencies and data systems into a single and coherent model. This includes a single 'front door' into services, a single assessment model, shared IT and co-located workers in 7 multi-agency locality teams. A menu of evidence based interventions is available for children and families; for more complex cases a range of different professionals act as the lead worker, developing a clear family plan that meets the needs of the particular family.

An independent evaluation is being commissioned to test the impact of this changed way of delivering Early Intervention. But early monitoring data is showing a range of positive trends since the new system was put in place:

- 13% reduction in Children in Need
- 23% reduction in inappropriate referrals to Children's Social Care
- Increase in the proportion of family support cases managed below the statutory level
- 54% reduction in violent offences among domestic violence perpetrators
- Estimated 20% reduction in demand on Cheshire Constabulary for a sample of people whose cases were managed through Integrated Early Support.

Croydon

Demand for public services in Croydon is increasing: the population is growing, particularly the under-16s; and the area has high rates of A&E attendance, high levels of domestic violence and low rates of immunisation and school readiness. Croydon Council believes that outcomes in the early years could be radically improved by greater integration, aligned work processes and workforce reform. Under their new 'Best Start' programme they are integrating their early years services.

Service delivery will also be brought together through multi-disciplinary local teams of health visitors, nursery nurses, family support and specialist workers who will deliver the Healthy Child Programme and targeted family support delivering services across the community to ensure that support is always 'in pram pushing distance'. New 'community builder' roles are also being pioneered by Croydon's

¹⁷ For more information, see http://www.altogetherbetterwestcheshire.org.uk/?page_id=2186.

voluntary and community sector to ensure families are supported families within strong social networks.

Croydon has carried out financial modelling work which predicts that the total investment of £2.9 million will yield a return of £2.34 for every £1 invested. The upfront investment includes £1.5 million from the Department of Communities and Local Government's Transformation Challenge fund combined with resources from local partners. Over the life of the ten year transformation programme there will be estimated efficiencies from the new ways of working of over £4 million.

Essex

Essex County Council has used a Social Impact Bond (SIB) to provide upfront investment to fund Multi-Systemic Therapy (MST), an evidence-based intervention as part of their strategy to reduce the numbers of children who are taken into care. Their goal was to improve the outcomes for this group and to reduce demand and deliver savings. The catalyst for action was the steady rise in the number of Looked After Children, with 1,600 children on the books when the initial Social Impact Bond feasibility work began.

Investors committed £3.1 million up-front to fund MST interventions for 380 young people aged 11-17 at risk of entering care or custody, over a period of five and a half years, with future outcome-based payments to be reinvested into the scheme over its duration to increase investment to around £5.9 million. This social investment enabled the funding of a new intervention that would not otherwise have been available, to specifically target a cohort whose needs would otherwise be at risk of escalating further into very costly acute services.

The aim was to divert around 100 of these young people away from care, resulting in savings of an estimated £17.3 million gross (at medium performance level), with Essex's repayments capped to ensure they retain net savings of £10.3 million in this scenario. The savings assumptions behind the business case are being tested now that the work is bedding in. Outcomes are tracked for 30 months and repayment to investors is based on reduction in the number of care days (designed to incentivise work with all cases, not just those likely to stay out of care). Additional outcomes around school attendance, wellbeing, and reduced offending are also monitored, but are not associated with repayments.

In its first year, results are broadly as expected.¹⁸ There have been 75 referrals, with 50 cases opened and 24 MST cases completed so far. Of the young people worked with, only five children have gone into care – four of whom were cases opened in the first 4 months of the service, when referrals and other operational processes were still bedding in.

¹⁸ An independent evaluation on the impact of the SIB has been commissioned which will aid further understanding.

Though it is early days and information on success is limited at this stage, the use of social investment to help test and scale evidence-based interventions as part of wider cost reduction and outcomes improvement strategies, looks promising. As Nick O’Donohoe of Big Society Capital (one of the investors) sums up:

“Essex is leading the way in using outcomes-based finance models to enable innovation and improvement in children’s services. As a result not only are we seeing fewer vulnerable young people ending up in care or in prison, but we are also learning valuable lessons about what does and doesn’t work in the design and structure of social impact bonds.” [p31, Essex: A Year in Review].¹⁹

The current financial challenges facing public services require us to think again in order to radically reassess what support is delivered and how. The examples above are just three ways in which our Pioneering Places are innovating, through social investment, bringing services and separate agency processes together, stripping out duplication and building workforce capacity to intervene earlier and more effectively.

To really shift the spending and figures in this report, however, requires us to do more to equip those working on the frontline to respond when they see the need for Early Intervention. Early Intervention must be seen as relevant to *all* the professionals who interact with children and families, not just specific practitioners or services. Noticing and helping a struggling family, parent or young person must become part of the day job of anyone who comes into contact with them. The first worker in the door or that makes contact needs to have the ‘Early Intervention toolkit’ they need in order to offer support. Many of these frontline workers – police officers, teachers, GPs, housing officers, nurses and others – will have entered these professions to help others. We need to build on this motivation by empowering those on the frontline to do what they came into public service to do, giving them the tools they need and listening to what they tell us about the obstacles they face.

¹⁹ Sources:

Social Finance, [The Essex SIB: A Year in Review](#)

Essex County Council [People & Families Scrutiny Committee Report](#), 4 Sept 2014

Bridges Ventures and Bank of America, Merrill Lynch, [Choosing SIBs: A Practitioner’s Guide](#)

The way forward

We have shown that the immediate fiscal cost of Late Intervention for children and young people in a single year amounts to nearly £17 billion. This cost is spread across different local and national agencies, and the picture in each local area varies depending on the needs of the population.

In response to these findings, policymakers need to take three steps:

1. *Prioritise Early Intervention funding*
2. *Incentivise local services to work together better through public service reform and system transformation*
3. *Put the Early Intervention agenda at the heart of government*

There will always be children and young people who fall through the net and need acute services or other forms of Late Intervention. However, the evidence shows that the right Early Intervention at the right time can help to improve the life-chances of children and young people, addressing problems that emerge and enabling us to reduce the costs of Late Intervention.²⁰

1. *Prioritise Early Intervention Funding*

We propose a challenge for national and local government to reduce the £17 billion Late Intervention spending by 10% – £1.7 billion – over the life of the next Parliament, through better and smarter investment in Early Intervention.

One step towards this is for an incoming government to finally measure accurately what we spend on universal services, Early Intervention and Late Intervention for children and young people. The next government should then set a goal of a concerted shift in spending from Late to Early Intervention by 2020. Alongside this the government should track child and family wellbeing using a basket of indicators relevant to Early Intervention. This will ensure that progress is made on the quality and effectiveness of Early Intervention spending, not just the quantity.

The costs of Late Intervention are in danger of stifling investment in Early Intervention. Social finance models offer some important opportunities for investing up front while still dealing with acute need, but there is more that can be done. An incoming government should redirect resources and inefficient spending into a dedicated and ring-fenced Early Intervention Investment Fund tied to the life of the next Parliament. Supplemented by private sector capital such as social investment, this would be awarded to councils, healthcare providers, schools and other organisations with ambitious plans to redesign local public services around effective

²⁰ See the forthcoming publication from the Early Action Task Force '100 days'.

Early Intervention. Inviting bids from local areas it could develop the evidence base for effective Early Intervention programmes, practice and systems.

2. Incentivise local services to work together better through public service reform and system transformation

Ensuring that public agencies pool budgets and share information about the communities they serve is crucial, both to protect Early Intervention but also to make it more effective. Reforms which enable commissioners to secure contributions from other agencies and levels of government (and indeed from the private sector) will help catalyse Early Intervention on the ground.

Health and Wellbeing Boards in each area provide an important focus for working across local government and health functions. Early Intervention for children and young people should feature more centrally in their role.

Finally, even the best Early Intervention can fail to reach those who most need them. Public service reform needs to put this centre stage ensuring that data, whole family approaches and the Early Intervention workforce (such as Family Support and mental health workers, and Health Visitors) reach and prioritise the most vulnerable.

3. Put the Early Intervention agenda at the heart of government

Early Intervention is the smart and realistic choice for using ever scarcer public money. However, the current broad acceptance of this principle must be matched by the political will to back it for the country's long-term interest. If we are committed to reducing the fiscal deficit that the adults of the future are left with, we should also apply such foresight to reducing the social problems they will experience. This report shows that these two aims are not mutually exclusive, but can be achieved jointly. That is the prize to be won if the next government can put Early Intervention at its heart.