



community **links**

**Early Action
Task Force**

One Hundred Days for Early Action:

Time for Government
to put prevention first



Early Action Task Force



community links

www.community-links.org

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One Hundred Days for Early Action:

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Acknowledgements

Unlike other Early Action Task Force publications this collection does not represent a collective opinion. We wanted to generate a debate with views expressed from a variety of perspectives. None of the authors are responsible for the whole or for the views of others. We are grateful to all of our authors who have shared their wisdom and expertise, and also to other colleagues who have been generous with their time and knowledge to help shape the ideas of the Early Action Task Force. We are grateful to the Big Lottery Fund who are supporting the work of the Task Force and to Santander for printing this document on behalf of Community Links.

About Community Links

We are a social action charity, rooted in east London and nationally focused. Our vision is for confident communities ready to create and seize opportunities. Our mission is to generate change in the communities we work with by ensuring access to all forms of opportunity; learning, skills, employment and social networks. We are sharing the lessons and promoting innovations with a national audience of policy and decision-makers. We want to share and spread what we've learnt.

Our unique approach has been developed over almost 40 years. Not unique in the individual activities and programmes that we undertake, but in the combination of them – and critically the connectedness of them. The external environment, locally and nationally, has changed significantly over that time and never more than in the last three years. We have adapted and changed too; this new book is largely about those changes, what we have learnt, what we need to do next and what, in our judgement, government should learn from the Community Links experience. Of course we don't have all the answers but day after day we do wrestle with the problems and so experience a different insight from that of policy-makers further from the front line. Our approach to everything we do is underpinned by our values:

- To generate change.
- To tackle causes not symptoms, find solutions not palliatives.
- To recognise that we need to give as well as to receive and to appreciate that those who experience a problem understand it best.
- To act local but think global, teach but never stop learning.
- To distinguish between the diversity that enriches society and the inequalities that diminish it.
- To grow - but all to build a network not an empire.
- To be driven by dreams, judged on delivery.
- To never do things for people but to guide and support, to train and enable, to simply inspire.

About the Early Action Task Force

The Early Action Task Force is a group of leaders from across the sectors committed to building a society that prevents problems from occurring rather than one that struggles with the consequences. The Task Force is led by Community Links. It has successfully:

1. Brought together leaders from across the sectors to unite behind a call for early action. This breadth of experience – from charity, business and the public sector – has given us credibility when dealing with everyone from large funders to senior civil servants. We have not been dismissed as the ‘usual suspects.’
2. Taken the case for early action to the heart of Government, prompting a Public Accounts Committee enquiry and National Audit Office report into early action leading to agreement from the Treasury that it will assume leadership on the issue across Government. Margaret Hodge MP, Chair of the Public Accounts Committee, described one recent report as ‘essential reading for anyone planning for the next Government.’
3. Persuaded political parties of the importance of early action: ‘prevention’ has been a key theme in both the Labour and Liberal Democrat policy reviews partly as a result of the Task Force, and we hope to see it reflected in manifestos for 2015.
4. Worked with some of the UK’s biggest charitable funders to shift their spending and thinking towards early action, culminating in the launch of the Early Action Funders Alliance and its first initiative – a £5m Early Action Neighbourhood Fund.
5. Inspired and supported the case-makers, for example in the Welsh Government’s introduction of a Future Generations Bill, Lancashire Police’s pioneering early action services, and in several local authorities around the country.
6. Built and supported a network of hundreds of commissioners, charities, funders and statutory agencies committed to early action and keen to embed it in their own work.

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Introduction

One hundred days, FDR believed, was what it took to set the course for a presidency. It was his swift and determined grip on pulling America from the depths of depression in those early days of his first term that set the bar for future presidents.

Signalling intent is no less important for Prime Ministers and, in particular for our next one. The Institute for Fiscal Studies estimate that 45% of the planned fiscal tightening will be still to come when the new Government is elected (£92bn). They will inherit a country of escalating needs, diminishing resources and an alarming direction of travel.

As funds have been cut in recent years acute services have been prioritised at the expense of earlier action. More problems have become more difficult when they might have been minimised or prevented. These trajectories are unsustainable but they are not inevitable. In this collection a range of commentators suggest the steps that might be taken by the new Government to build a society that prioritises an alternative approach - preventing problems from occurring rather than as now, struggling with the consequences. It would be, in the words of our first essayist **Polly Toynbee**, one that is “fairer, greener and more generous spirited”.

Another of the contributors to this collection **Danny Kruger** has spoken about the shift in the role of the Government from state as provider in the post war years to state as commissioner more recently. He has imagined an imminent further shift towards state as preventer in the years ahead. It may sound bombastic but when we look around and see where the flow is taking us we think the truth is inescapable. This is an idea whose time is overdue.

Unlike other Early Action Task force publications this collection does not represent our collective opinion. We wanted to generate a vigorous discussion and although all our contributors have either worked in Government or opposition, or been advisors or observers close to the centre, their experience and perspectives are very different. There is notable agreement on many of the policy prescriptions but also challenge and disagreement on some. None of the authors are responsible for the whole or, of course, for the views of others.

Sometimes the vocabulary in this territory can be confusing. In this collection we have reserved the phrase “early intervention” for work with children and their families and used the term “early action” to describe preventative work throughout the life cycle. Effective support in the early years is tremendously important but preparing for the world of the work, keeping fit in middle-age and getting ready for retirement are all also essential if we are to avoid difficulty in the next phase. A society that valued good quality lives and a sustainable economy above political fixes and short-term crisis management would do it all.

Some of our writers, remembering Gordon Brown’s dramatic activity in the opening days of the 1997 Government, suggested that early action needs a “Bank of England moment” – sweeping and decisive action immediately after the election, significant in its own right and also setting out the stall. Others urge a more patient approach, listening and learning and sharing ideas before doing anything at all. Most agreed that language is more important than ever in the early days. Government officials, parliamentary colleagues and the wider public will be alert to the signs. When electioneering is over, at least for a while, what is it that this Prime Minister really, really wants to do?

Some experts suggested practical programmes. **Professor Layard** recommends, amongst other ideas, Parenting Classes and Incredible Years group training, **Luke Price** an early action social security system and **Professor Power** a Troubled Youth programme learning from the Troubled Families initiative.

Of course every new minister will have their own favourites jostling for the PM’s attention and raising the thorny issue of priorities. Fortunately there are some possibilities where multiple benefits can ripple out to other agendas. **Liz Meek**, for instance, points out the close links between mental illness and physical ill-health. All such new expenditure programmes should, **Lord O’Donnell** suggested, be cleared by a new institution – the Office of Taxpayer Responsibility to ensure that “our accountability system is focused on preventing mistakes”.

Other authors also focused on the workings of Government believing that, with the machinery in place, transition to earlier action will gradually course through the system - longer term planning focused on delivery of outcomes, ten year testing, and a change in the rules allowing expenditure on early action to be treated like capital investment are suggested many of our contributors, and a “spot purchasing outcomes revolution” recommends **Matt Robinson**.

“Better system leadership” said **Rob Whiteman**, is absolutely critical and others agree. Nowhere is this more important than at the heart of Government. Some think that responsibility for driving the early action agenda should reside in No10, others at the Treasury. Either way the Unit behind the leader (and there should be a Unit) must be central and it must be powerful and it must have the authority to lead change across Government – this is, above all, a cross-departmental agenda. Ultimately early action can be about saving money, not spending more, but without structural and systemic reform, vigorously endorsed from the top, change will be limited and, very likely, unsustainable.

This doesn't necessarily mean that every development must be a step in the dark. New ministers can be suckers for novelty and, of course, an appetite for innovation is not generally a bad thing, but nor is it always needed. Sometimes old ideas could work well but need testing more thoroughly. We need to know more about what works best. **Dan Corry, Carey Oppenheim** and **Haroon Chowdry** stressed the importance of effective evaluation not least because, as **Michael Kell** has observed from the National Audit Office “what gets measured, gets managed”.

Governments are of course dependent on popular support and given the finely balanced state of the parties in the run up to the election it would be surprising if the new Prime Minister was not more sensitive than most to the proclivities of a uncertain electorate, even in the first 100 days. All the more important then for a wider movement, to support these big changes and also, as **Ray Shostak** suggested, to “get early action trending” by working on the “small practical ways to readjust the system”.

Stephen Tall quotes H.L. Mencken “for every complex problem there is an answer that is clear, simple and wrong”. In the experience of the Task Force pretty much everyone agrees that preventing problems from occurring, rather than picking up the pieces afterwards, is a broadly sensible approach but it isn't easy. Financial procedures, operational models and deeply embedded organisational cultures get in the way. That's why, though it may be common sense, it isn't yet common practice.

The new PM and his or her ministerial team will face many challenges in their first 100 days but in almost every area of Government there will be the same strategic choice – prevent now or pay tomorrow. The implications are challenging but it would be a mistake of enduring importance, and a missed opportunity, if the new Prime Minister did not declare a bold and unequivocal preference.

**Prevent Today
or Pay Tomorrow**

Caroline Slocock – Director of Civil Exchange, member of the Early Action Task Force and (amongst other things) a former Private Secretary to the Prime Minister

Distilling the Wisdom

Distilling the wisdom from our essayists we imagined ourselves as a Private Secretary introducing this little book to the new boss with our first memo.

Prime Minister

1. Welcome to office. You have received advice from an expert panel of advisers, with key points of agreement summarised below.

Background:

2. There is a strong consensus from your advisers that early action should be at the heart of your future strategy. It will not only deliver greater well-being and fairness, it will also promote growth and opportunity. It will reduce the rising demand for public services and help drive public sector reform. Many of the current incentives point in the wrong direction, toward short-termism, silo working and maintaining expenditure on acute services at the expense of early action. Without decisive early action, a downward spiral will continue in which preventative spending is cut to yield short-term savings, resulting in rising demand over the medium to longer term and threatening financial sustainability.

3. Decisive action to tackle these institutional barriers will be easier for an incoming Government: “early action to beget early action,” as Dan Corry puts it. There are precedents from earlier Governments of successful bold initiatives announced in the first few days: the New Deal, the transfer of interest rates to the Bank of England and the creation of the Office for Budget Responsibility.

4. That said, although some institutional changes are best implemented and announced in the first 100 days, in other areas it is advised that further work is commissioned now in order to underpin well informed decisions at a later point. Analysis and discussion now are more likely to yield better results.

A Five Point Action Plan

5. There is a five point action plan for you to consider, each of which is considered in more depth below:

- Set early action outcomes to drive the agenda.
- Plan for the longer term and for delivery of these outcomes.

- Identify, protect and increase early action investment, treating it as essential investment in the future, rather like capital investment.
- Spend and tax to deliver better outcomes, not to perpetuate existing public services and the current welfare system.
- Increase accountability for early action.

Early action outcomes

6. A small number of early action outcomes, which cut across institutional boundaries, should drive this agenda. Choices here are critical and should not be rushed, as they will drive everything that follows. These will set a clear direction for the reform of public services without which you will not achieve real change or make significant savings in expenditure. Existing public services have failed, for example, to tackle persistent health and education inequalities or stem rising demand.

7. Key outcomes suggested by the advisers include reducing inequality and child poverty; investing in children and young people; increasing public health, including better mental health and well-being; improving housing and tackling global warming.

8. Once these outcomes are identified, you may want to consider particular initiatives that will help deliver them. As you see some ideas have been put forward by your advisers including a programme of investment in Troubled Young People (building on the current Troubled Families initiative); a Good Mental Health programme, which would include preventative and remedial investment; a Schools for Life initiative, including training in resilience, a Transition to Work programme for young people; a public health promotion campaign; and an imaginative new housing strategy, including incentives to increase house sharing.

Longer term planning

Planning needs to better support the delivery of early action outcomes and to achieve this you need to tackle the culture of short-termism that pervades the public sector. The next Comprehensive Spending Review is the right place to start. Many of your advisers agree that firm plans should be set for the full fixed five year term, though most think that there must be leeway to review mid-term in the light of developments. But they would also like to build in a longer term horizon, a minimum of an additional five years, to create a “Ten Year Test” which would require the consideration of the long-term benefits and costs of all existing and new expenditure both in the spending review and when more detailed plans are made. However, your advisers warn against rushing this process in the CSR, as decisions taken in haste are rarely the best.

Investing more in early action

9. Your advisers recommend that you commit to shifting a higher proportion of expenditure into early action year-on-year, and suggest that this should be a clear goal for the next Spending Review. To deliver it expenditure on early action would need to be separately and robustly classified – the National Audit Office have already proposed how to do this and their definition has been developed by the excellent Early Action Task Force. Early action should be treated as an investment, like capital, and ring-fenced, with a “one-way valve” – acute spending can be diverted to it but the early action budget cannot be raided for short term spending.

10. To help shift toward greater investment in early action, various ideas are put forward by your advisers for a new social investment fund or funds. One idea is to ‘top slice’ a proportion of current departmental budgets for the delivery of outcomes which cut across institutional boundaries.

Spend and tax to deliver better outcomes

11. A focus on better outcomes, on the longer term and on investing more in early action has major implications for how the public sector currently operates. We propose that your Government commission work now to map the best way forward, leading to a publication of a ground-breaking “Delivery of Public Outcomes” White Paper. This would sit alongside thinking about greater devolution, which itself opens up new opportunities to do things differently. It would signal a move away from maintaining existing services - which are no longer fit for purpose and are crumbling under rising demand - to new models for delivering outcomes and reducing demand. These would often be developed and delivered locally and in collaboration with service users. The public sector might redefine its role from public service delivery to prevention.

12. Various ideas and thoughts are put forward by your advisers which could be considered, including:

- New methods for co-ordinating local delivery, building on City Deals, Health and Well-Being Boards.
- Development of some existing models for pooling budgets and working collaboratively, such as Community Budgets and Our Place.
- Putting power into the hands of front line staff to work in new ways.
- Shifting financial incentives to reduce pressure on existing services (e.g. raising council tax bands to generate revenue and reduce incentives to under-occupy).

- Shifting existing public sector contracts toward outcomes, finding ways to work with the voluntary and community sectors more effectively and moving away from big contracts.
- Encouraging personal action such as investing in parenting skills and resilience in young people, home sharing, and encouraging better health and reducing food poverty by a public campaign to “grow your own food and reduce food waste.”

13. Taxation and benefits are an important part of this picture but currently tend to be considered separately to spending on public services. Your root and branch review could look at how to simplify taxation and find ways to remove any hidden incentives to employers to keep wages low because of tax credits. The review should also look at an early action approach to reducing welfare costs, promoting investment in action in non-welfare budgets - such as greater investment in mental health - to tackle problems at source rather than cutting benefits in ways that may create further problems.

14. You should look at the case for greater taxation where it can be shown to be part of a strategy for prevention. One idea is for a “polluter pays” tax, for example of the alcohol, smoking, betting and junk food industries, with revenues invested in earlier action.

Increasing accountability

15. Do not underestimate the shift in culture that this programme will require. New institutions and tools are needed to facilitate this process.

16. To drive a change towards an earlier action approach within Government and develop new tools, such as better methods of evaluation, it is proposed that you establish a new cross-Government unit under your direct control (but also reporting to the Chancellor). This should be established immediately. Similar units could also be set up in each Department to help re-prioritise spending. They could report to the central unit.

17. There is a broad agreement about the need for a new external organisation or organisations to monitor progress and aid external accountability. Lord O’Donnell proposes a new Office of Taxpayer Responsibility that might clear spending proposals. Alternatively, you might extend the remit of existing bodies, particularly the Office for Budget Responsibility, which might also take on the critical task of strengthening evaluation. One technical task that must be tackled is to ensure that the definition of GDP does not inadvertently score prevention as a reduction in GDP by public services.

18. You should also consider whether legislation is needed to facilitate and embed early action, for example through new statutory accountabilities at a local level and duties to collaborate, a duty to promote early action and apply a ten year test and a binding commitment to shift spending toward early action. You will know that the Welsh Government's Future Generations bill has blazed a trail here. It will be important to ensure that the rest of the UK isn't left behind

Leadership

19. Finally, there is a need to take the public with you on this. There is great potential in early action for you to develop a more positive and optimistic framework for reducing public expenditure over time. It is proposed that you announce your strategy in your first major speech. Danny Kruger has written a first draft.

Thank you Prime Minister.

Quick Wins in the First 100 Days

Hit the deck running – that’s the advice given to every new prime minister. But running where, to do what? Gordon Brown lost his blueprint somewhere on the short walk between Number 11 and Number 10. On stepping inside, David Cameron burnt his pre-election disguise as the nice-maker of his party: away went hoodie and husky-hugging as he embarked on his scorched earth austerity plan. But even those with a declared plan find themselves easily swamped by unforeseen events as the daily churn of minor crises overwhelms original intentions.

In the first 100 days some things need to be done fast to point the way, while other, slower things must lay down long-term foundations from the start for fundamental change. Signaling the direction of the Government, so every minister and civil servant understands the route march needs bright flags waved from early on.

Quick wins? Repair some damage first. Abolish the bedroom tax on day one to signify revival of welfare state principles: the housing crisis is not the fault of council tenants. Until the DWP chaos is sorted, automatically pay personal independence payments to all the hundreds of thousands of seriously ill and disabled people waiting for months, sometimes for over a year, for basic support: over 40% of applicants are waiting, with no help, due to DWP incompetence. Repeal Section 75 of the Health and Social Care Act to stop any more of the NHS being sold to a small cartel of private companies, some of them, Serco and G4S, already under investigation for fraud.

Start on the living wage from day one, showing how the earnings crisis is at the heart of the country’s economic instability, and the cause of soaring tax credit and housing benefit bills. Let no company bid for a Government or council contract unless they pay the living wage and pay all their taxes. Virtually every large company does Government work, so this spreads fair pay rapidly across most sectors – bringing in hefty sums from tax-avoiders. This time every company that ever hopes to earn a tax-payers’ pound has to contribute fairly to the welfare of their employees and the exchequer.

Make building homes a cornerstone of what good Government is for: families everywhere worry where their children are to live. Free local authorities immediately to borrow for investment in social housing: borrowing rates are low

and they have huge assets to borrow against. Get building fast, with quotas for homes and quotas for apprentices to be taken on by every contractor using state funds.

Royal Commissions are traditionally mocked for “taking minutes and wasting years” but they can be useful if you know what you want from them. A permanent rolling Royal Commission on Inequality could act fast to spell out the alarming current trajectory and recommend remedies: all the research is there already. What’s lacking is the nerve and the authority to act on the obvious: half the population is underpaid, dragging down the economy while property is over-valued and under-taxed, council tax is derelict for lack of revaluation while many of the older generation acquire too, much leaving the young bereft. The Commission would make recommendations for windfalls – as on utilities in 1997 – to be taken from cartels and profiteers to pay for high quality apprenticeships, jobs for the young, a revitalisation of Sure Start and universal good childcare. Extend the Low Pay Commission’s remit beyond the universal basic minimum wage to pronounce on pay rates variable according to sector, as in the old wages councils: some sectors in some areas can afford higher pay rates for their staff than every local hairdresser or sandwich shop. Let them set targets for top pay too, suggesting the Government withdraws its custom from companies that overpay executives. Most of these banks and finance houses do business with Government.

Signal that this is a Government that will put the young first, from birth to first job. No wonder young people are detached and alienated from a political process that has abandoned them: in a vicious circle they don’t vote, so they don’t count and resources pour upwards to better off home-owning pensioners. Devote resources first to nursery, schools, FE colleges, universities and gold-standard apprenticeships, not the shoddy courses posing as a route to work – and that way young people will see that politics makes a difference to them directly: Westminster decisions matter and they should get involved.

Summon the forces’ top brass to join a Defence Commission, spelling out the colossal defence cuts Osborne has already written in (though dare not confess). Ask them to decide if they really want a Trident replacement – or to use the limited funds for a right-shaped army, navy and air-force able to dovetail with European allies’ capabilities.

Above all, at this eleventh hour, devote every effort to halting climate change, internationally and at home. Show that green investment creates green growth and green jobs in renewable energy and insulated housing. Take on the climate

deniers and declare a green growth Government: real international strength grows the more independent we become in energy over the next decades.

The first 100 days can lay out the journey to a stronger economy through greater equality when even the Governor of the Bank of England declares escalating inequality is the greatest threat to long-term economic stability. Fairer, greener, more generous-spirited, the country needs to learn to like itself better. That means an end to divide and rule, blaming and shaming the weak, the poor or foreigners: this time “Genuinely all in it together” needs to be reclaimed from day one.

Effective Investment in Early Action

Political debate is still beset by short-term thinking and a desire to spend money we cannot afford: in particular on policies which favour older citizens, such as triple-lock pension uplifts, which leave relatively little on offer for younger generations. This inevitably results in a growing gap between generations in terms of the consumption of public resources. The argument which follows proposes righting that bias, reprioritising investment with a view to the longer term, and having the foresight and confidence to focus resources on prevention rather than cure. All of which must be underpinned by flexible and adaptive system leadership built around the needs of communities and individuals, rather than the current structures of the state.

Health

Of course everyone was once young and chronic conditions have a long provenance, but so-called “lifestyle diseases”, such as Type 2 Diabetes from obesity or conditions related to smoking and alcohol, are rising inexorably. They are putting the NHS under unprecedented strain that is only set to worsen over the coming years.

Providers are already often under financial pressure. Despite several reorganisations – all undertaken with the best of intentions – we are left with the intractable problem that A&E departments are picking up more and more primary care activity. Bottom line evidence and financial trends suggest that the system is even more volatile following the Lansley / Hunt reorganisation; but the previous reforms are themselves tainted with questions about productivity and quality.

In England the next Government must ensure national and local system leadership to keep the NHS functioning and effectively balance priorities, pressures and prevention. System leaders must reaffirm the sustainable route to better integrated outcomes and improved public health. Politicians must avoid claiming that their party alone has the magic bullet.

If prevention is always better than the cure, it is usually also more affordable. Investing in public health campaigns will help to assuage the rate of acute healthcare pressures in the long term. Similarly, investing in areas such as mental health or urinary infections can mitigate some of the upward trends in social care costs. And investing in social care can reduce acute pressures suffered by A&E.

The point here is that all players can contribute to prevention and this desperately needs better system leadership and a relentless focus on the individual's needs.

But now for the really controversial bit; for the tens of millions of pounds needed by the health and social care system, Governments must make a choice: tax more, introduce more charging, or create self-insurance for parts of the system. As an accountant, I am not saying which it should be, just that the sums will increasingly not add up without something being done. Cutting the rest of the state to compensate is not sustainable for the next 20 years.

In practice it can be difficult to ensure that the public pound is being effectively directed towards the hardest to reach groups; but overcoming this would have a powerful public pound multiplier effect, given that there is such a strong body of evidence showing that investing in public health measures will lower the risk of chronic conditions in the long term. Again, this needs effective system leadership (but please not another reorganisation).

For example, Action on Smoking and Health (ASH) demonstrated that tobacco control and prevention initiatives cost a maximum of £300m per year, with a net annual revenue benefit of £1.7bn – nearly six times the initial cost. For every pound spent on psychosocial treatments for dependent drinkers, the public sector saves £5. National and local systems leaders should commit to public health budget increases above inflation for every year of the next Parliament and get as firm a grip as possible on other budgets, rather than allow them to crowd out investment on prevention. No easy solutions, but relentless financial management and embedding the culture and capacity to make savings and efficiencies in all boards, layers of management and the front line.

Housing

That the local government board supervision of councils was once part of the old ministry of health before the creation of the NHS shows the synergies between housing and public health policy. In terms of delivery, before the war the London County Council (LCC) was the largest hospital provider in the world whilst also building the largest public housing estates. Which, to some extent, is why since the war *joined up local policy* (now called “commissioning”) and *joined up local delivery* (now called “integration”) have taken so many different incarnations – in order to reconcile the fact that central Government in the form of the NHS plays such a huge role in local government (in the broadest sense) without supervising local government in the more narrow sense (councils).

Housing remains an area of high public concern and a key determinant of health. Our national discourse all too often centres on the incentives for house buyers, including buy to let, without prioritising the contribution housing policy makes toward health and wellbeing. Economic growth, social stability and community are all undermined by an insufficiency of good and affordable housing.

The increasing reliance on housing benefit over the last 20 years has seen long-term housing investment replaced by short term subsidisation. This imbalance has created a vulnerability that has recently been exposed under welfare reform. Large scale partnership developments, such as Manchester Life, highlight what can be achieved with housing when it is viewed as a long term investment with a better combined financial and social outcome. The cost of failure and remedial action, in the form of housing benefit, is in the long run unsustainable, both financially and socially.

Policy makers in recent Governments have wanted to develop innovative housing solutions on an industrial scale, but a legion of obstacles has prevented this. In my own career, as CEO of a London borough, we were authorised by DCLG to pilot a local housing company with a mixture of tenures (public, shared-ownership and private), rights to step up and step down rates of ownership and community assets. Although universally praised, it foundered on the Treasury considering it “novel, contentious or repercussive”. And therein is a lesson. When building hospitals and houses during a period of global financial meltdown, LCC borrowed, raised bonds and taxed to deliver policy under more light-touch central Government supervision without the tight hand of Treasury control. Whilst Scotland, Northern Ireland and Wales will have the conditions to fund community planning, will the English regions?

Families

The Troubled Families programme was launched in 2011 to join up efforts across central and local government. Local authority budgets were increased by £448m over three years on a payment-by-results basis with the ambition to turn around the lives of 120,000 families in England. By March 2014, nearly 40,000 troubled families' lives had been turned around across a number of indicators: improvements in antisocial behaviour, crime and education results, as well as continuous employment.

The West Sussex Think Family Partnership shows how the programme works in practice. It is led by West Sussex County Council bringing together agencies including district and borough councils, police, the voluntary sector, education and health. The partnership is helping 750 families get back on track and has implemented a number of innovative approaches.

One of these is “Think Family Neighbourhoods”, where areas of known deprivation are targeted with projects that promote neighbourhood pride and community cohesion, and build skills for work. What many early action initiatives like this demonstrate is the need for public bodies to work together, with a shared vision and shared aspirations for the local area. Traditional organisational boundaries have to be crossed and trust needs to be built between local and national bodies, and between public, private and third sectors.

Choosing the right delivery model is important. As public sector bodies work more closely together, decisions will need to be taken about the appropriate commissioning and delivery vehicles, such as a shared service, a joint venture, or a public sector owned company structure. Where a separate organisation is established, the establishing entities will need to determine the lines of accountability and – crucially – the ownership of risk.

Accountability and ownership of risk in a collaborative world is a complex issue. Traditional thinking on governance and accountability needs to be challenged, and well-established concepts need to evolve to cope with new ways of transparently delivering public services through new structures. Good governance will underpin the success of partnership working – and while the fundamentals might remain constant – flexible, novel, accountable and transparent governance arrangements will need to be developed to overcome pre-existing hard-wired structures and processes.

Conclusion

During 2014 CIPFA has worked with local and national agencies to create a means of aligning local public spending (ALPS) so that partnerships can better assess the totality of local resources. During 2015 we will work with a range of partners to develop tools to support and measure partnership initiatives and preventative programmes.

Healthcare, housing, social care, public health, troubled families and community budgets are all parts of the same local public service system needing leadership, analysis, financial control and new integrated solutions to optimise the use of public money. The last 70 years tell us restructures can disrupt this, and moving around the parts may not provide real and genuine systemic devolution and new delivery models. And given the scale of costs required, some hard choices on tax, weaning ourselves off universality and introducing more charging will all have to be considered in areas such as pensions and healthcare, to prioritise investment in prevention and earlier action.

Ray Shostak – International Adviser, former Head of the Prime Minister’s Delivery Unit and Director General Performance HM Treasury

Do we need a *movement* to get early action trending?

And can you imagine fifty people a day? I said fifty people a day... Walkin’ in, singin’ a bar of “Alice’s Restaurant” and walkin’ out? Friends, They may think it’s a MOVEMENT, and that’s what it is...
ARLO GUTHRIE Alice’s Restaurant lyrics

For me early action is when a health visitor sees that if a family doesn’t get help they are storing up problems (and costs) further down the line - and does something (either themselves or through referral) that turns the situation around. Or when a pre-school or GP sees that a child may not be ‘school ready’ and helps the family address the issues. Or when a teacher sees the early signs of a student’s behaviour impacting on learning – and sorts some help with either the child or the family to stop it getting worse. Or when a local worker in a community based charity acts quickly so a young person doesn’t find themselves on a downward cycle of problems with substance abuse.

These are the actions of the people we know who make a difference – the frontline of nurses, social workers police officers, doctors, teachers – who work directly with children, young people and families. Each day they work tirelessly on behalf of children and families and do what they can to help, to find someone else to help, or to intervene in a way that is outside their normal response. I find them everywhere I go and they are passionate about helping those in our communities to make the most of their lives and reach their potential. Unfortunately, far too often I also find them frustrated in trying to make the siloed bureaucracies join-up. And too often the required thresholds essentially say: “go away and get worse and then we can help”.

So a new Government should quickly ask ‘what can we do that is more enabling for frontline practitioners?’ I am not suggesting that Government should avoid issues such as poor performance, unresponsive services or provider capture. But it needs to do its business recognising that frontline services are delivered at the frontline and that our public services will never be better than the skills, attitudes and behaviours of those that do the job. Given their role in creating the legislative, financial and policy context for services, it is critical that Government looks at the things which can make services more difficult to deliver, including:

- poorly constructed legislation,
- funding regimes that force silos,
- poorly designed approaches to inspection,
- micro-guidance
- the balance struck between the rights and responsibilities of citizens.

There now seems to be a consensus that the individual social costs and financial consequences of late action are too great a price to pay - the common sense case for early action has been made. The good work of many local partnerships, local authorities, the Early Action Task Force, the Allen Reports and the Early Intervention Foundation have all played their part in both raising the issues and finding new ways of managing the challenge of meeting acute needs and at the same time acting earlier. But it is not enough and often the work is at the level of “the system”. At a time of restricted resources and more complicated lives it is even more critical we break the cycle at the level of “the individual”.

I have been thinking recently that Government focus on the complexity of integrated working, attributing financial benefits, accountabilities and coordination (all of which matter and are important) may be the wrong place to start. I have been wondering if there is a danger that we are making early action too complicated and starting in the wrong place. Maybe what we need is a *movement* that starts with citizens and the frontline.

I am not suggesting that the new Government doesn't need to prioritise early action spend as it will save us money in the long term. The Treasury also needs to play a more active role in both creating a framework which will support cross-department planning and coordination – and figuring out how savings in prison and benefit costs can be reallocated to social workers. Certainly there is a need for Local Authorities, other commissioners and providers to increase investment in evidence-based programmes; and local partnerships to integrate their services. But what I am really reflecting is that given I find that the people in the system - politicians, civil servants, local government officers, commissioners, frontline folk - all care deeply about helping the people they serve more quickly it is odd that we are finding this so difficult. We continue to invest when it is far too late. Maybe we need to readjust our thinking to recognise it is only people on the frontline who can spot the need for early action. And it is only the frontline that can take the early action; we should build our systems from that starting point.

So my proposition for the new Government is that instead of thinking about new legislation or new initiative they should focus on ensuring the system supports the early action judgements of frontline practitioners and citizens. How about

a *movement* of frontline practitioners to get early action trending, because *movements* start with people working together to advance their shared ideas and maybe we are not paying enough attention to them.

What would happen if the Government focused more on giving the frontline greater voice? Finding ways in which we could amplify the strength of their judgements about what needs to be done to help the people they see each day. Finding ways of empowering them to act decisively when early action is the right response to the day-to-day challenges faced by the children and families they work with. What would be the consequences if the Government really focused on unblocking what gets in their way rather than the bigger 'systems' issues. After all, they are the people who identify the practical, often small, changes in behaviour that can begin the process of changing the reality for children and families. They see it and do it every day.

If they did have an enhanced voice would it be so loud that the system would begin to change? At a time when 'austerity' is impacting on frontline numbers and the nature of our universal services (let alone the more targeted ones) will the reality of what is at stake become clearer? If we give voice to the people who are applying the thresholds and witnessing the consequences would we get the change we are after?

If we enable them to speak out will they be seen as whingers, disrupters or activists? The danger of *movements* is that it becomes disruptive and focuses on blaming others. That would be a disaster. Is it possible to magnify the reality of what frontline practitioners see in a way that frames their contribution the way it is intended – to solve problems. More importantly, can their perspective be heard in a way that leads Government to action and overcome whatever obstacles exist?

Similarly, can the Government get better at learning from what frontline folk do, as individuals in both their interventions and in the way they unblock the system to help those they work with? Could we turn this learning into system change – rather than the other way around? Do we need a *movement* which is not about big changes (although those are needed too) but about small practical ways to readjust the system to focus on solving the day to day problems and challenges – and get incremental improvement now?

Or maybe it is happening already. Discuss.

Early Action as a Unifying Concept

A new Government in May 2015 will have its work cut out to commit to much spending in its first 100 days, due to the continuing deficit and voter antipathy to raising taxes. The economy is still shaky and a majority of people feel poorer than they did. Social solidarity has weakened with the long recession and there is a wall of hostility to those vilified as scroungers, immigrants and the unemployed. The rising cost of social care and health services in an aging society make tight budgets even tighter. The sharp rise in obesity and diabetes, the increase in mental ill health, and the physical disabilities resulting from our sedentary lifestyle all add to the long-term funding and social pressures on Government.

The cost of “welfare”, including pensions and in-work benefits, continues to rise, while drastic cuts in welfare payments have barely dented the problem as more older people are live longer, needing longer pensions and more care as they age. As more workers are on low pay with irregular hours and precarious job contracts, they rely on benefits to close the gap. Universal Credit will push up the benefit bill for this reason. Low income households now rely increasingly on private renting, paying high rents for insecure tenancies so housing benefit costs also rise for the Government. Homelessness has risen due to evictions, forcing even greater reliance among working people on housing benefit.

The younger generation is triple hit by housing shortages and costs, job insecurity and low pay, and cuts in welfare. Meanwhile, ludicrously high salaries are paid to business leaders and Chief Executives while they pay an even lower share of taxes. The fall of wages at the bottom and rise at the top creates such inequality that “Occupiers” protest. This divide will burden a new Government, keen to make its mark quickly. It will have to broker a new deal at lower cost. The problems of the bottom half of the population are far more concentrated and intense than the top half, and therefore need more help, more Government resources and some redistribution. Otherwise, problems risk getting out of hand and harming the whole society. This makes early action at low cost vital but difficult.

There are some powerful, unifying issues. We are all subject to sickness, aging, housing problems, anxiety and insecurity. Business is particularly vulnerable to a workforce that is too poorly paid, inadequately housed, with low skills and no security. Businesses argue for local government to tackle the overarching problems that go beyond their individual powers but damage their business.

We can learn from our post-war austerity and sharing. A basic healthy diet, fair distribution of essentials, preventive care of mothers and children, work for all able-bodied men and women, a minimum income for all, were introduced to tackle the “five giants” of poverty, ignorance, disease, squalor and want. Today, by undermining that universal system of support, we are recreating the age-old “giants”.

Five “giants” stand out for action, echoing those great reforming ideas of 1945: housing, income insecurity, food, public health, the environment. When we were poorer after the war, we produced cheap, modest, decent homes; improved conditions and ensured a basic minimum income for all citizens – in sickness and in health, in and out of work, old or young. We introduced free health care at the point of delivery and universal free maternity care, health visitors, district nurses, school nurses, midwives, relying heavily on well-trained women who spot problems in advance and “help nature do its work”. We set in place greenbelts, National Parks, clean air legislation and so on. These are all central to our wellbeing and one part of our hard-won welfare which has nothing to do with “scroungers”. Our life expectancy rose because of sanitation, clean water, hand washing, street cleaning, refuse disposal, food hygiene, light, ventilation, all measures pioneered by nineteenth century local government and expanded after World War II. Growing food locally in small amounts was a key to health during and after the war, and could be a low cost key for today – something that low income groups will do if given the chance.

The most inescapable issue is the natural environment; our most precious, shared resource, finite, damaged and dangerous – floods, storms, heat waves, rising seas, collapse of fish stock, loss of forests, pollution, climate change. We risk huge extra costs unless we control pollution, reforest bare land, protect our eco-systems, enforce green belts around cities, stop sprawl, and more than halve the energy we use. We can avert disaster, with big benefits to the economy, jobs, communities and conditions.

Free markets and unrestrained economic growth in the 1980s were countered by New Labour from 1997-2007, valiantly committing to “abolish child poverty”, to “ensure that no one was disadvantaged by where they lived” and to “provide equal opportunities for all”. But the ongoing shrinkage in manufacture, hardening of North-South divide, created a further cleavage that Labour did not budge. Some inroads were made, but not enough to stop either deep inequalities or the great financial crash of 2008. Some Early Actions – Sure Start Centres, neighbourhood renewal, school academies, city-region devolution, family intervention projects – had a strong preventive focus and encouraged local action.

However, the international banking crisis and deep recession that followed has changed everything. For seven years, we have experienced economic uncertainty, falling wages, job losses, resource limits, rising costs for essentials, public spending cuts, all leading to increasing hardship and a growing disenchantment with politics and political leadership. Voters deserting to UKIP is no answer. A new Government offers a new lease of life. Early action defines a new Government, and 100 modest actions in the first hectic 100 days is the goal – I choose just ten simple, basic ideas.

Ten Early Actions

1. No subsidised rented housing – Council or Housing Association – should be demolished except in extreme conditions. Councils should not sell their assets to developers for “mixed communities” and “regeneration”. Developers can add homes at profit to publically-backed schemes, not the other way round.
2. Low cost rented homes can be added to subsidised estates through ground-floor conversions, infill and corner additions to increase density, create a mix of households and expand the affordable supply.
3. Council tax bands must be raised at the top for expensive property to generate revenue and reduce incentives to under occupy. The Welsh Government has already done this. Council Tax charges for the poorest households should be near zero.
4. The minimum wage should be fairer to the lowest paid and Universal Credit should be reformed to stop encouraging employers to offer penal employment conditions, including zero-hour contracts.
5. Private renting requires “light-handed regulation” to provide greater certainty and control to landlords and investors while giving greater security to stable tenants. Minimum security, standards and conditions help both landlords and tenants, while allowing flexible, shared accommodation and the use of small spaces. Emergency, short-term and time-limited lettings must be included through special provisions.

6. Food growing could become everyone's responsibility as during and after the war – no matter how small the contribution. With a strong push, most people can produce some food for themselves. Window boxes, front areas, tubs, street corners, yards and alleys can all house plants. Fruit trees, apple, plum and pear trees, with glorious spring blossom, can replace ornamental flowering trees on streets. Food waste can be cut from 30% to 5%, targeting all public institutions first – schools, colleges, hospitals, offices, but also restaurants, cafes, banks etc. Councils could levy a food waste tax on institutions which would generate revenue, while cutting waste, similar to the landfill tax which has slashed building waste. The Energy Company Obligation should be reshaped to ensure stable investment in existing stock to tackle fuel poverty, energy bills and to halve energy use in homes and commercial buildings. Energy companies should not be the installers of energy saving measures as this can lead to abuse. Suspended and cancelled permissions on outstanding onshore wind turbines must be reconsidered where objections are of a lower order than community benefits. Wind energy is now the most cost-effective, easy-to-install renewable energy source in the UK – and potentially reliable if distributed far and wide.
7. We must protect and extend our vital eco-systems:
 - a. National Parks
 - b. Forests, woods, hedge-rows and urban trees
 - c. River systems and flood plains
 - d. All areas of valuable top soil
 - e. Marine conservation areas
 - f. Parks, play spaces and playgrounds
 - g. It is easy and cheap to “green cities”, involving citizens of all ages.
8. Planning is a vital and inexpensive tool for the Common Good. Government must play an overarching, brokering role in planning any development as a crowded island poses multiple challenges. A layered approach between national, regional, local and community level action plans works best – a jigsaw approach, as in Scandinavia, Austria, Germany.
9. Young people are worst hit by income, housing and job barriers. Hand-holding and face-to-face support transform those barriers into opportunities. Building on what works, we can create a “Troubled Youth” programme, learning from the “Troubled Families” programme. A personal and group support process gives people who struggle a real chance.

10. Social care is increasingly costly and burdensome. Training, enhanced status and fairer contracts for care workers could transform the quality of social care at modest cost. Simple ideas such as “sharing homes” can work cheaply and brilliantly – a non-profit agency encourages elderly people with spare rooms to house a young worker who lodges cheaply in exchange for simple services, company and security.

We have broken new ground with few resources in our past. A new Government must do it now.

Danny Kruger – Chief Executive of criminal justice charity
Only Connect and former speechwriter for the David Cameron

The EARLY (Early Action: Ready Last Year) Act

*Text from a speech by the
Prime Minister, **David Cameron**.
Check against delivery.*

Under the last Labour Government the public finances collapsed. If we stick to our long-term economic plan, by halfway through this Parliament, the public finances will be back on their feet.

We still have to make tough choices. We can never go back to the spending and borrowing of the past.

But now is the time to start thinking about what sort of public sector we want to see after the years of austerity, and about the way we use public money to create the sort of society we all want.

Of course there have been major changes in the public sector under this Government.

In welfare, we have contracted with specialist providers to work with the large numbers of long term unemployed. In healthcare, we have brought in alternative providers and put primary care at the heart of delivery. In criminal justice, we are commissioning experts to work with offenders and bring down the reoffending rate.

*Text from a speech by the
Prime Minister, **Ed Miliband**.
Check against delivery.*

The Coalition Government stalled the recovery and it has taken too long to get the economy growing again. But now, under a Labour Government, we can be confident that the public finances will at last get back on their feet.

We still have to make tough choices. There are still savings that have to be made and we need to keep borrowing down.

The last Government had the wrong approach to the deficit.

Instead of reforming our public sector they simply salami sliced its budget and handed it over to private contractors. The same model, just owned by plc's and making profits for private equity firms. Nothing has changed except there is less money and less democratic accountability.

But there was one good thing the last Government did – something they inherited from the previous Labour government. I'm talking about

In all these reforms, there has been a simple purpose: to incentivise success through Payments by Results.

Payment by Results – incentivising success by paying for outcomes.

In the old system the more problems your organisation faced, the more money you got. In the new system, you get paid to reduce the problems.

But this on its own is not enough. Our task is to build on these foundations, but the mission must now change. We shouldn't just be paying people to reduce problems. We should be paying people to stop them happening in the first place.

I want to see a different sort of public sector. One designed to prevent problems rather than clear up after them. A public sector that saves money tomorrow by using money intelligently today. This is the new mission for Government.

The case for change is stark. The public sector was designed to deliver reactive, acute services, targeted on occasional, exceptional need. But the need is now neither occasional nor exceptional: more and more people need more and more help.

A more positive way of putting it is that we have the knowledge and the technology, and the desire, to deliver more help for more people than was ever possible before.

The NHS was built in an age when doctors were for births, death and emergencies - not for the management of ongoing conditions, with a majority of over-50s now receiving regular treatment. Welfare was designed to cover short periods of unemployment for a small minority of people. It now covers long periods of unemployment for a large minority of people. The same goes for pensions and long-term care: more people need them for longer.

A smaller example, but one that is growing alarmingly: mental health problems in children and young people. What was once a tiny issue is now a major one, and child and adolescent mental health workers are struggling to cope.

Services designed for tiny minorities are overwhelmed with demand. Systems built for the few are being used for the many.

There are two things wrong with this. The first is that systems designed for small numbers become cold and impersonal when they are forced to work with large numbers. Welfare and healthcare work best when they are delivered on a human scale; the unemployed and the sick do not respond well to being treated like units of mass production. They react by getting worse – needing more help, more acute services.

The second reason is less noble but more conclusive. We can't afford it. There is no way that the taxpayer can carry the cost of this model, neither now nor in the future when the books are balanced.

The reason we got into the fiscal crisis was because the Labour Government took on a huge burden of acute spending commitments. We must never get into a mess like that again.

We simply cannot burden the taxpayer with the scale of acute spending commitments that the current system will create in the years ahead. That way lies a fiscal crisis even greater than the one we are now emerging from.

So how does Government cope in a world where demand for acute public services is rising but the money to pay for them just isn't there? We have two options. We can ration the supply of these services or we can reduce the demand for them.

Obviously, in the short term and in order to balance the books, we need to ration the supply.

Spending cuts have been painful but necessary.

I have major objections to the way in which the last Government cut public spending – where the axe fell and how it was wielded. But the necessity for spending cuts was and is obvious, and further cuts, painful as they will be, are necessary.

But that cannot be the whole answer. If all we do is cut spending, we will merely defer payment - pass the cost to future generations.

So that is our challenge and the ambition of this Government: to reduce the demand for acute services. We need to re-engineer the public sector so it

prevents problems rather than simply reacts to them. In the well-known phrase, we need more fences at the top of the cliff and fewer ambulances at the bottom. We need more prevention, less cure.

I have given two negative reasons for changing the system: it's wrong and we can't afford it. But there is a positive reason too: if we get this right, we will enter a virtuous circle of stronger communities and lower bills, enabling lower taxes and more prosperity all round.

As David Robinson has described, we will have a population that is not just *resilient* – able to cope with the stresses and knockbacks of life – but *ready*: ready for the opportunities of life, ready to face diversity and ageing and global competition and all the other challenges that we can rise to and create value from – or be defeated by.

I am proud that this Government set up the Early Intervention Foundation, inspired by the work of my colleague Iain Duncan Smith, to explore the potential for prevention.

I am pleased that the last Government set up the Early Intervention Foundation, inspired by the work of my colleague Graham Allen, to explore the potential for prevention.

The Foundation's research shows that children from troubled backgrounds who receive the right sort of care can overcome any disadvantage of family or community, catch up with their peers at primary school and go as far in life as their talents will take them.

A troubled teenager who gets the right support early enough, can avoid a lifetime of unemployment or worse – the endless expensive cycle of crime and punishment – and become the good citizen he wants to be.

A woman nearing retirement, if she gets her lifestyle right early enough, can avoid years of expensive and painful health management, and live a longer, even more productive life, fully a part of her community.

That woman will be the good grandmother that teenager needs, and he will be the brilliant big brother, the positive role model the little child needs. They will support each other, at no cost to the taxpayer, together making their several contributions to the community and the economy. All because the problems that could have emerged, were stopped in time.

Across the life cycle, from the early years to the last years, better, smarter spending that involves the community itself will achieve results, save money – and equip our country to face the storms of the future, not least the great challenges of the global economy.

So I am today announcing a new Bill which will, when law, be known as the EARLY Act. EARLY stands for Early Action: Ready Last Year. It will have the specific aim of enabling policy to tackle problems at least a year before they become critical. Let me give you the main points.

First, we need to rebalance spending. According to the National Audit Office we currently devote around 6% of spending to early action. That's not enough. As the economy recovers I want to see a greater proportion of public spending going towards early action. In particular, if growth improves faster than expected, we will put a portion of the proceeds towards early action - financing the upfront costs of preventative interventions rather than taking money from acute services.

But this agenda doesn't need to wait for more growth. Let's assume that there is no new money. That doesn't mean we can't be smarter within the current spending envelope.

Take healthcare. We have re-oriented the health budget towards public health, focusing on preventing conditions like obesity and immunising against contagious diseases.

Take healthcare. The last Government made a terrible mess of primary and secondary care – but one thing they got right. They continued the trend of re-orienting the health budget towards public health, focusing on preventing conditions like obesity and immunising against contagious diseases.

That's a model I want to see across Government: shifting spending upstream.

Another important lesson from public health is the opportunity to pool budgets.

We have handed public health spending to local authorities, so this work can be properly combined with all the other services that impact wellbeing and lifestyle.

The last Government took our advice and handed public health spending to local authorities, so this work can be properly combined with all the other services that impact wellbeing and lifestyle.

We need to pool budgets at a local level and around key challenges - like the Troubled Families initiative, or the Better Care Fund which brings together NHS and social care budgets.

We will expand Community Budgeting, introduced in the last Parliament, so that the full benefits of an intervention across multiple Whitehall silos - health, education, work and pensions, not to mention all the departments of local government - can be harnessed to build the business case for early action.

When commissioners can combine budgets to see the possibility of savings down the line, the next challenge is to finance the upfront work. And here both public and private money has a role to play.

The next budget will impose a one-off windfall tax on the industries which make acute problems worse: alcohol companies, gambling companies and payday lenders. This will enable the Treasury to invest in early action, stimulating Government agencies to spend more earlier, and attracting social investment.

This country is leading the world in the development of social investment, notably the Social Impact Bonds that the Ministry of Justice and the DWP have authorised, as well as a growing number of local government SIBs.

Inspired by the Peterborough prison Social Impact Bond introduced by Jack Straw, this country is leading the world in the development of social investment.

Thanks in part to Big Society Capital which we set up in the last Parliament, the challenge now is not the absence of working capital. Investors are queuing up to find projects to back.

Thanks in part to the money found by the Commission on Unclaimed Assets set up Gordon Brown, the challenge now is not the absence of working capital. Investors are queuing up to find projects to back.

However, time and again you hear that schemes for social impact bonds didn't get off the ground because public commissioners couldn't agree to free up the savings that the project would deliver, to make the deal possible.

We need a culture whereby the public sector is prepared to take more risk when it commissions services; where public servants routinely think of the long term not the short term; where they factor in the cost of doing nothing - the downside of business as usual - as well as the risk involved in trying new things.

The Commissioning Academy we have set up in the Cabinet Office has started the process of change.

But there are two further major changes we can introduce at the top of Government to help change the culture of commissioning.

First, we need to build in long term thinking by introducing a “10 Year Test” for all new public spending projects, as the Public Accounts Committee recently suggested.

Second, we need to distinguish between normal revenue spending to keep services going, and money which is specifically allocated to early action. So we will create a new category of public spending, called early action investment, which - like capital investment - is protected from being raided to fund short term current account pressures.

To make all this possible we need a new conversation with the electorate. The fact is that we politicians, the voters, and the media who communicate between us, are caught in a depressing conversation around priorities.

Politicians feel, with some justice, that if we don't prioritise acute reactive services the voters will punish us. Meanwhile the voters complain that we are short-termist, self-centred and politicised. And the media reinforce these attitudes.

The major obstacles I have mentioned – the need to pool budgets and move spending upstream: these are technical obstacles. The real challenge is political, or rather popular - it's about what the people think.

Early action is an enormous challenge but it is one we must rise to - it is our responsibility to the future. Indeed, the full benefits will only be felt long after this Government has left office. But it won't happen at all if we have the same sort of politics we're all so used to – each side telling the public that every plan the other lot come up with is doomed to fail, a waste of money, and will cause you and your family pain.

The last Government's Commissioning Academy is a peashooter against a tank. We need a far more robust response to the problem.

But there are two major changes we can introduce at the top of Government to help change the culture of commissioning.

We need a different conversation. So I want to reach out beyond my tribe – to politicians in other parties, to the millions of voters who don't support my party, and to the millions turned off by politics, the deliberately disenfranchised who have had enough of the short-termism and vote-chasing they see in Westminster.

I want people of all parties to work with me to draft and pass and implement the EARLY Act.

I want to appeal for a great new national mission to build a better, stronger country for our children and grandchildren.

Let us make a better future, together.

Changing the System

**Matt Robinson - Director of Strategy and Market Development
at Big Society Capital and former Deputy Director in the Prime
Minister's Strategy Unit**

Focussing on Social Outcomes

Whatever shade of Government is painted in 2015, it will face two huge challenges:

- **Tackling the deficit** - the UK is only five years into a ten-year fiscal consolidation. Even after the longest and deepest consolidation in modern times, national debt is still forecast to be 73% of GDP¹, higher than at any point since the mid-1960s.
- **Tackling a set of persistently poor social outcomes.** These include wide inequalities across the population-at-large, whether in health (see for example the 2004 Wanless reviews and then the 2010 Marmot review²), educational attainment or ultimately social mobility (witness the various depressing reports of the Social Mobility and Child Poverty Commission³ since its creation in 2010). Specific groups within the wider population have endured particularly poor outcomes for decades, such as ex-offenders or the so-called 120,000 “troubled families”.

If these twin challenges are not daunting enough, they are also seemingly in tension with each other. Put simply, tackling the deficit requires spending a lot less public money; tackling thorny social issues means spending a lot more. Or does it? The allure of early action is that it both leads to better outcomes for individuals and their families, and can be much cheaper for taxpayers to boot. A well-judged package of domiciliary care (say £320 per week⁴) or even a simple home adaption such as a stair rail can prevent an older person falling. In turn it could prevent a broken hip (a hip replacement costs the NHS an average of £5,400) or even permanently reduced mobility (an ongoing package of residential care is as much as £1000⁵ per week). This hypothetical example is from later life, but early action can make even more sense when applied to early-years education, at the transition to secondary school, when entering

1 OBR, Fiscal forecasts, December 2014

2 Fair Society Health Lives (Marmot Review), UCL Institute of Health Equity, February 2010

3 For example, the State of the Nation 2014: Social Mobility and Child Poverty in Great Britain

4 See PSSRU Unit Costs of Health and Social Care 2011.
Median cost package of community care for older people

5 See PSSRU Unit Costs of Health and Social Care 2011.
Median cost package of community care for older people

and if faltering in the labour market, and for lifestyle decisions around exercise, eating and drinking in middle-age.

Why is there not a lot more early action if outcomes are better *and* it's cheaper? I am reminded of the fable of frogs jumping straight out of boiling water, but happy to boil to death if water is slowly heated-up. Public and social services in 2014 are already many years into a slow, inexorable increase in demand (not least from demographic trends, but also changing expectations). At the same time intervention models have only been tinkered with and the basic tenants of these services (hospitals, schools, prisons etc.) have remained basically unchanged for decades if not a century or so. Now the UK is trapped running expensive acute, reactive services, and we have nothing left to spend on prevention just as we need it most.

So what can the next Government do to promote more early action, improve outcomes and lower costs? How can it make progress in prevention where recent Governments (not just in the UK) have failed? I have two ideas. The first I will call a **spot-purchase outcomes revolution**. It mainly requires a dose of pragmatism and common-sense, and not letting the best early action model be the enemy of a good one. The second I will call an **outcomes based spending review**. This is a much more structural and systemic response, and requires tackling vested interests in Whitehall. But long-term it could put outcomes and early action at the heart of public finances.

The **spot-purchase outcomes revolution** requires a ruthless trawl to find every public service that is currently bought on a “spot” market, mainly from private providers, and paid for on the basis of inputs or services. Anecdotally, I am aware of many such arrangements, including: some pupil referral units for children excluded from mainstream schools; some inpatient beds for adults with severe learning difficulties; children in care residential places and adoption services. A body such as the National Audit Office would be well-placed to flush-out and publish just how extensive and widespread this spot-purchase practise is. Then, such contracts could be immediately recalibrated onto more of an outcomes basis. Markets don't need to be reshaped, and contracts don't need to be cancelled, re-commissioned or re-tendered – that is after all what spot contracts mean. This is exactly the logic behind the Essex Social Impact Bond tackling children-at-risk of care, or the It's All About Me Adoption Bond. It is exactly what is proposed by the excellent recent report by Resonance into the “Winterbourne View” cohort of adults with learning disabilities housed in inappropriate inpatient settings⁶.

6 Resonance, Winterbourne View and Social Investment, November 2014

The spot-purchase outcomes revolution would be quick, relatively simple to enact, provide some short-term incentive to the provider market to innovate around outcomes not inputs, and give commissioners more confidence in embarking on their own more tricky reforms. But it would be limited in its scope.

So in tandem, the next Government should conduct a **social outcomes-based spending review** in 2015 for the whole of the next Parliament. This would put social outcomes at the heart of public finances, and would provide a much more systemic and longer-lasting approach to embedding early action in public services. It would need to:

- Identify some social outcomes to focus on. I would focus on social outcomes that are both persistently poor, and hopelessly lost between departmental silos: for example NEETs, troubled families, homelessness, and mental health and wellbeing.
- Make settlements on the basis of these outcomes. This would necessitate re-imagining the concept of Departmental Expenditure Limits (DEL) in managing public finances – as departments would no longer be the only unit of settlement.
- Learn and build from precedents. Luckily there are some. The £3.8bn p.a. Better Care Fund was created in 2013 and pools money between the NHS and local government to support the integration of health and social care. The DfID, FCO and MoD conflict pool was created as long ago as 2001 to prevent conflict around the world, and currently runs at c. £250m a year. The Cabinet Office has since 2012 run a Social Outcomes Fund designed to “top-up” contributions from departments commissioning on the basis of social outcomes, although it is far too small at £20m.
- Prevent the Treasury from running the spending review process by itself. The Treasury is driven by the primacy of short-term expenditure control and will not like the concept of explicitly linking long-term social goals to public finances⁷. Neither will individual Whitehall departments– they will see the writing on the wall for their own futures if a greater-and-greater proportion of public finances is settled around social outcomes, not legacy institutions. So an outcomes-based spending review would need to be run by a cross departmental team under the auspices of the Cabinet itself and the Cabinet Secretary. At the apex of the spending review process should be a small quorum of senior ministers, including the Prime Minister as well as the Chancellor. If the coalition Government had run such a process, the “Quad” would be perfect for this task.

7 See for example NESTA, *The End of The Treasury*, Giles Wilkes and Stian Westlake, September 2014

- Find a pool of money to allocate to social outcomes not departments. *A-ha!* This I admit is the hard bit. The obvious approach is simply to salami slice departmental budgets harder – as the most recent OBR fiscal forecasts showed, non-protected departments’ spending cuts are going to be cut savagely over the next Parliament, so perhaps 5% more will barely be noticed. Another approach is to take more risk on AME-DEL switches – NEETS and mental health are probably good candidates here as they should flow through to JSA savings within a few couple of years. A third idea is to link to a hypothecated tax – arguably the public would find it easier to stomach a specific levy that prevents rather than attempts to cure social ills (an even easier to sell would be a windfall tax on a ‘damaging’ industry, such as alcohol or tobacco). The fourth and perhaps most promising way to find a pool of cash is to treat the social outcomes settlements as capital expenditure not recurrent expenditure. After all, they are designed to reduce, not increase, long-term recurrent expenditure on public services. And if social outcome settlements flow through to mandatory outcomes-based contracts, there would be no legacy in-house state-provided service that would be impossible to turn down or turn off if priorities shift in the future.

A **spot-purchase outcomes revolution** and an **outcomes-based spending review** will go a long way to put early action at the heart of public finances and public services. Together, they will create a stronger market for positive social outcomes – and here **a series of complimentary reforms** would help further. Some of current coalition Government’s measures should be sustained and expanded. The What Works Initiative, including stellar institutions such as NICE and the Educational Endowment Foundation, are particularly welcome as they will help outcomes-based settlements and contracts flow to what is proven to work, not assumed to work. Efforts to promote the social investment market are also helpful as social investors are particularly focused on defining, measuring and being rewarded only when social outcomes are met.

But the next Government also needs to take more risk in a richer diversity of providers, if a more outcomes-focused public service market is to flourish. For this diversity it needs to look even harder to the voluntary, charity, social enterprise and SME sectors. The current Government has made much noise about ‘open public services’, not least through its eponymous 2011 White Paper. But its revealed preference as seen in major outsourcing programmes such as the Work Programme and Transforming Rehabilitation is for the perceived safety of the largest multinational’s balance sheets. The next

Government needs to address the size bias in its market models, through more balanced contract sizes, and much more judicious use of financial tests and instruments such as parent company guarantees.

More early action and prevention is not a question of why. It is a question of how. I hope that my ideas of a **spot purchase outcomes revolution** and an **outcomes based spending review** give some sense of how all the talk around this can be turned into, well, early action.

early action to beget Early Action

The Government elected in May 2015 will have buckets to do – not least if it has to sort out a complex Coalition Agreement. But if it does not get the ball rolling on Early Action from the start, then nothing much will happen over the next Parliament. So acting fast is of the essence: early action to beget Early Action.

So, right from the off, the Treasury and No 10 must make clear that all new proposals for new spend or indeed to cut expenditure must have a ten year analysis of its effects on spend and outcomes. This, straight away, shows where short term savings or spend do or do not save money in the longer run. It will also put more incentives on departments and others to do some serious impact analysis and evaluation especially as the Treasury must insist these ten year analyses are published in full and open to scrutiny by the Select Committees as well as the public and academics. This approach should be part of Spending Review 2015 which, ideally, will set spending plans for five years (with the first three being firmer than the last two). Such certainty of funding will make the longer term pay- back that characterises a great deal of prevention spend, much more relevant and attractive.

But this is not enough to get things moving. So, right from week one the Treasury should announce its aim to increase the proportion of public spending going on early action and prevention, estimated recently by the National Audit Office to be around 6% in four key areas, by a minimum of 0.5 percentage points a year. That may not sound a lot but if only this minimum was carried out over a Parliament we would be up to 8.5%, a very big switch in the way resources are used. The NAO or the Office for Budgetary Responsibility should be asked to oversee classification and monitoring of this and targets should be set with each Secretary of State since the ability for movement clearly varies across topic area. The Government must commit to an annual White Paper on how it is doing on this, with the White Paper delivered in the House by the Chief Secretary in prime time and not by some junior minister on a quiet Friday morning.

Third, to encourage more early action spend – where too often the savings go to someone other than the body paying for the early action - the Government should announce a revised and modernised version of Public Service Agreements, outcome focused objectives that are shared by more than one

departments, which will help us move away from an obsession on spend and outputs and help counter silo thinking and planning. The Treasury must also announce a preference for pooled budgets at local level along the lines of Total Place and Community Budgets as part of its commitment to a better localism. City regions should be empowered and asked to address a number of social problems via its own devolved spend without the silo commissioning that the Work Programme, Transforming Rehabilitation and so on have engendered. The “Devo Manc” model recently announced, that gives the Greater Manchester area far more control over key budgets and strategic decision making, looks to be a good one to follow here. The Treasury should also announce the setting up of a review of the case for an Early Action Loan fund along the lines suggested in a recent EATF paper.

Fourth, not all of this is one way. The new Government must make a demand of the prevention and early action lobby group: it’s time to get serious with your evidence. Not yet more anecdotes and good stories but without data to go alongside it. No more “SROI inflation” and flaky evaluations that too often characterise the claims made. Instead good measurement and evaluation that tries to really work out the net difference you make, taking into account what might have happened anyway, and that avoids spurious accuracy and point estimates (of the one pound in, ten pounds back variety) when the data is only good enough to talk about a wide range of possible values.

In return, the Government must promise to make its data much readily available to allow proper evaluation following the path set by the award winning Justice Data Lab established through the work of NPC and Clinks and taken on board by the Ministry of Justice. All departments will be expected to release their data in the same easy-to-use way so that longitudinal analysis with decent comparator groups becomes possible for all.

Finally, to make sure that all this happens, a unit will be set up to oversee and chase progress, akin in some ways to the Delivery Unit of the Labour years and reporting to both the PM and the Chancellor.

Moving us on to a trajectory where we start to act earlier to prevent problems, thereby avoiding human misery as well as reducing public expenditure in the longer run, is going to be tough. But if the new Government takes the steps outlined here, then we will at least have made a big step in the right direction.

Carey Oppenheim – CEO of the Early Intervention Foundation and former Special Advisor to Tony Blair in the Number 10 Policy Unit; and Haroon Chowdry - Evidence Analyst for the Early Intervention Foundation

Fast Tracking Early Intervention

After 7th May, the new Government will wake up to *the* big challenge of how to meet growing needs and demand with sustained reductions in public services spending at national and local levels. The less money is available, the more important it becomes to offer timely support to people in a way which reduces future demands on public services and the taxpayer. Our recent report shows that the state spends £46 million every day on “late intervention”: the acute services and other support required when children and young people experience significant difficulties in life.⁸ In order to reduce this cost – not to mention the far more substantial suffering and wasted potential that it represents – Early Intervention is more crucial than ever.

What do we mean by “early intervention”? It is about supporting children, young people and families *early* on when issues arise, and there is still the opportunity to prevent lasting consequences. A growing body of evidence from psychology, social science and neuroscience shows that the right interventions or support can significantly improve children’s lives and future prospects.

Politically, there is a strong consensus for the principle of Early Intervention – the case made by Graham Allen MP in his reports to Government⁹ was accepted across the political spectrum. Our own organisation, the Early Intervention Foundation, was set-up to promote greater use of evidence-based early intervention that improves the lives of children, prevents future social problems and reduces the costs of such problems. Prevention and early intervention is a now common refrain – all aspire to getting to the root causes of social issues, whether it is ill-health, or youth crime, or unemployment – rather than dealing with the symptoms.¹⁰

In terms of action, there have been noteworthy initiatives: investment in evidence-based parenting programmes including Family Nurse Partnerships; the Department of Communities and Local Government’s Transformation

8 Chowdry, H. and Oppenheim, C. (2015), *Spending on Late Intervention: how we can do better for less*.

9 Allen, G. (2011), *Early Intervention: The Next Steps*.
Allen, G. (2011), *Early Intervention: Smart Investment, Massive Savings*.

10 See, for example, Early Action Task Force (2011), *The Triple Dividend: Thriving Lives, costing less, contributing more*.

Challenge Award scheme, which has supported some areas with innovative redesign in the delivery of early intervention; the Big Lottery Fund “Better Start” programme, focusing on evidenced-based approaches for families with the children aged up to three; and the growth of social finance to support Early Intervention approaches. These are helpful steps forward, but they are piecemeal and not yet near the scale of what is required to meet the challenge ahead.

So what should a new Government do to fast track Early Intervention in its first 100 days?

1. Prioritise early intervention during austerity

Rising demands on services coupled with tighter budgets have made early intervention more difficult to prioritise for departments and councils alike. The available estimates, crude though they are, suggest that only £1 in every £20 spent in health and social policy is preventative.¹¹ In local government, unprecedented demand for social care on one hand combined with reduced funding from central Government on the other means that, as statutory services are protected, Early Intervention services bear the brunt of cuts. This trend creates the risk of mounting social and health problems later on. Currently youth crime and unemployment both cost over £1 billion a year,¹² while the long-run cost of childhood obesity has been estimated in the region of £600 million.¹³ If these and other costs continue to rise, then dealing with the “costs of failure” will swallow an increasing share of increasingly scarce public resources.

To get on top of this, the next Government must accurately measure what is currently spent on early intervention and prevention by national Government, local government and other bodies. It must also ensure that resources are available to prevent it sliding down further.

After a baseline for early intervention spending has been established, the next Government should set a national target for a concerted shift in spending towards Early Intervention by 2020 (followed by further targets for future years). Alongside this, the Government should track child and family well-being using a basket of indicators relevant to Early Intervention. This is important because

11 National Audit Office (2013), *Early action: landscape review*.
NHS England (2013), *A Call to Action: Commissioning for Prevention*.

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

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

it will ensure that the focus is on outcomes and therefore on the quality of spending, not simply the quantity.

A new Government should also create an Early Intervention “Invest to Save” Fund, focused on increasing the quality and quantity of early intervention. This would follow the examples set by Northern Ireland, Wales and Scotland, where large-scale funds for early intervention have been created as part of an agenda led by National Government. Like the much larger Obama investments in testing what works in Early Intervention, these approaches allow for localism without sacrificing good measurement and evaluation.

The Fund could draw in public, private and social finance, and invite bids from all sectors to trial evidenced based approaches to Early Intervention. Importantly, the public element would not have to be additional spending; it could be redirected from existing budgets by identifying duplication, inefficiency and money that is currently not well spent. Bids would have to meet minimum quality criteria including good use of evidence, robust implementation plans, and detailed plans for evaluation and cost-benefit analysis. Funds could be offered in a number of forms – low interest loans or an offer to match contributions raised by local partnerships. Importantly, there should be a minimum of five years to trial and evaluate the initiatives funded.

2. Incentivise local public services to work together better

It is also clear, however, that existing resources for early intervention must be used better, rather than layering on new services to an already complex system. Ensuring that public agencies pool budgets, jointly commission and deliver services, and share information about the communities they serve is crucial, both to protect early intervention but also to make it more effective. We need to move beyond the traditional silos that still characterise too much of our public service delivery, and develop flexible services that can respond to the totality of people’s lives and problems.

In many cases organisations that fund early intervention are not the major beneficiaries of the improved outcomes which result. For example, a local authority programme might generate benefits for schools, the NHS, police and youth justice services, and the Treasury. If only a small part of the programme benefits accrue to the local authority itself, then the programme – through no fault of its own – might not be deemed viable.

Some local areas are already working flexibly across local authority and other boundaries to invest together in shared services (for example, Camden and

Islington have developed joint approaches with their Clinical Commissioning Groups). The approach of the Public Sector Transformation Network is also promising. 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; the funding measures above can be structured to promote this.

Successful Early Intervention is not just about sharing budgets, but also about how services interact with each other and with the people they serve. Health and Wellbeing Boards in each area provide an important focus for working across local Government and health functions; early intervention for children and families should thus feature more centrally in their role. They could be charged with producing and implementing a clear strategy for early intervention in their area. The aim of this would be to ensure that adult and children's services inside and beyond the local authority share data and work together to better assess local needs, prioritise target groups for support, and jointly agree strategies for commissioning services. These boards could also be required to report on progress on shifting to prevention at local level in an effective way.

Finally, even the best early intervention services can fail to reach those who most need them. Public service reform needs to put this centre-stage, ensuring that data and whole-family approaches reach the most vulnerable, and learning from the most effective methods (trusted lead workers or intermediaries, multi-agency working, use of new technologies such as apps). It is also important to ensure that the key workforces are able to identify families and explicitly focused on engaging those who are least likely to access services. For example, agencies which have policies of striking families who fail to attend appointments off their lists are often storing up problems for later.

3. Put the early intervention agenda at the core of its vision

Perhaps the most important step, as well as a precursor to the steps outlined above, is to ensure that early intervention and prevention are at the heart of Government activity. This could be achieved through create a central Government unit responsible for it, or by building on the What Works Network.

Alternatively, there may be a role for a new Early Intervention and Prevention Commission. The current coalition's programme for Government had fairness and social mobility as its core theme, which became the litmus test for many of its policies. The Social Mobility and Child Poverty Commission was also created to monitor trends, report on the state of the nation, make recommendations and ultimately hold Government to account.

Early intervention could be the theme of the next Government, with an Early Intervention and Prevention Commission performing a similar role. This would be an arms-length standing body but located at the heart of Westminster, supported by the Treasury but with an independent chair. Its initial tasks would be to establish a baseline measure of early intervention spending, and then use that to inform a Spending Review to come in the autumn. The Commission would also have an important role in shaping the public debate and helping to forge consensus about the importance of Early Intervention.

Establishing prevention and early intervention as the approach to public services is unlikely to grab front page headlines. It may not lure people to the ballot box or provide convenient sound bites for a leaders' debate. But it is the smart and realistic choice for using ever scarcer public money. Broad acceptance of the principle of early intervention must be matched by the political will to back it for the country's long-term interest. If we are committed not to leave future generations with a mounting fiscal deficit, we should also apply such foresight to the social problems they will have to deal with. Our report shows that these aims can be achieved together. This is the prize to be won if the next Government can put Early Intervention at its heart.

Improving the Nation's Wellbeing

The next Government is unlikely to be formed by a single party holding a majority of seats in the House of Commons. In what follows I assume that a reasonably stable Government has been formed with a reasonable prospect of lasting the full five year fixed term.

So what should it do to get off to the right start to improve the overall wellbeing of the nation? An emphasis on early action should clearly play a key role in a world where Danny Alexander could leave his successor with a letter saying simply “there is still no money”.

The first step is to realise that this is the first ever Parliament that starts off with a five year fixed term. It therefore makes enormous sense to have a five year programme and a five year spending review to implement that programme. One benefit is that programmes which take a few years to bear fruit become more attractive. The Treasury will want better Government, not more expensive Government, given the state of the public finances. Their first step should be to exploit their ability to borrow very long term finance at negative real rates. Some of the funds raised would be used to pay off more expensive borrowing and some to fund prevention projects that save money in the longer-term.

There is also a need for the spending review to send out a clear message about reprioritising spending. For example the massive health budget involves enormous spending on cures and a tiny proportion on changing behaviours to prevent problems. This would be helped by setting up behavioural units in every department. All of them would be required to show that they had created savings of at least, say, five times their cost by the end of two years or they would be shut down.

All major new expenditure programmes or investments would have to be cleared by a new institution - I have labelled it the Office of Taxpayer Responsibility (OTR). If that is not possible, the Public Accounts Committee should hold a hearing on each one and only give permission to start once they are satisfied. This would have the enormous benefit of getting our accountability system focused on preventing mistakes, not criticising them ex post.

To solve the really difficult problem of silos the spending review should allocate some funds to achieving specific outcomes. The outcomes would be delivered by different departments and agencies and tiers of Government operating together. This pooling of budgets, which might also need some attribution of Annually Managed Expenditure into the pot, would be an attempt to incentivise the key players to cooperate on delivering joint solutions. It would mean a move away from funding departments to funding outcomes. In essence it would be a new version of Public Service Agreements (PSAs) but this time with money attached. Responsibility for the outcomes and the money would be devolved as far down as possible.

The statisticians would need to look again at the measurement of public sector output to ensure that preventative work didn't show up as reduced output. (The output of the fire service used to be measured by the number of fires put out so the better it got at preventative work the lower was its recorded productivity). It will be important to get the incentives right, otherwise the programmes might be successful but they would show up as lower GDP growth. Until we get attention switched to more sensible wellbeing measures Ministers will be nervous about appearing not to be generating better outcomes, as measured by GDP.

There would also need to be some rebalancing from expenditure allocated to relatively well-off older groups and reassigned to poorer, younger groups. This would involve tough political decisions and my worry is that many options might be ruled out ahead of the election.

I would also undertake a major review of the tax system. It is far too complex and could easily be simplified, using the principle of keeping the tax base as wide as possible and the rates as low as possible. This would stimulate growth which would be good for revenues and give space for the behavioural units to develop more creative solutions. We have seen in the area of pensions that simply switching a default created more of the desired effect than billions spent on tax reliefs.

Finally as a totemic gesture of the importance of early action, funds should be shifted to enhance children's education to build character, resilience and mindfulness thereby raising their future productivity and wellbeing, and reducing their future demands on the taxpayer.

Early Action Evidence: its Limitations and Opportunities

I want to focus on two particular issues:

1. Improving the quality of evidence on which Government and commissioners make spending decisions;
2. Recognition of the limitations of evidence and the importance of local adaptation and accountability.

What follows is informed by the work of my employer, the Education Endowment Foundation (the Government-designated What Works Centre for schools), but I am writing it in a personal capacity.

1. Improving the quality of evidence on which Government makes spending decisions

The effectiveness of “effective prevention” will depend on the *quality*, *affordability* and *scalability* of the prevention measures being implemented. But how confident can we be that, across the range of complex social problems where we would hope effective prevention can make a positive impact, we know which prevention measures score well against these criteria?

We see this difficulty at the Education Endowment Foundation (EEF), where one of our roles is to support schools to make most effective use of their Pupil Premium funding, public money intended to raise the attainment of pupils eligible for free school meals. The average value of the Pupil Premium for each school in 2014-15 is £105,065. This money isn't ring-fenced. It can be used entirely at the discretion of schools, for example on:

- *Primary prevention* – preventing, or minimising the risk of, problems arising (e.g., by investing in professional development for teaching staff to raise the attainment of all pupils, especially the most disadvantaged);
- *Secondary prevention* – targeting groups or individuals at high risk or showing early signs of a particular problem to stop it occurring (e.g., by investing in catch-up classes for pupils falling behind in literacy/numeracy);
- *Tertiary prevention* – intervening once there is a problem to stop it getting worse and redress the situation (e.g., by investing in specialist staff and/or

programmes designed to get disruptive pupils back on-track behaviourally and academically).¹⁴

Many schools will likely spend their Pupil Premium allocation on a mix of these early prevention measures. But which particular measure should they choose of the myriad offered by a dizzying array of providers?

- Which professional development training will actually improve teaching quality?
- Which literacy/numeracy catch-up programmes will actually boost the attainment of children who are falling behind?
- Which interventions aimed at high-risk pupils will actually re-engage them in their education?

These are the kinds of questions the EEF aims to offer answers to by awarding grants to applicants to trial the most promising evidence-based attainment-raising projects.¹⁵ We then commission high-quality, independent evaluations robustly to test their effect, and publish the results in full. These findings are then synthesised into our online Teaching and Learning Toolkit – www.educationendowmentfoundation.org.uk/toolkit - an accessible online summary of educational research from around the world, maintained by the EEF and Durham University.

Those of us working in education are fortunate: we are able to stand on the shoulders of colleagues who've been investigating for generations what works in teaching and learning. The Teaching and Learning Toolkit includes more than 11,000 individual research reports. This enables us to estimate the average learning gain and financial cost of the 34 approaches featured with varying degrees of confidence (some things, like one-to-one tuition, have been tested a lot; others, like performance-related pay, much less so). This practical approach to evidence is appreciated by its target audience, with 45% of school leaders using this Toolkit to inform their decision-making according to a recent survey.¹⁶

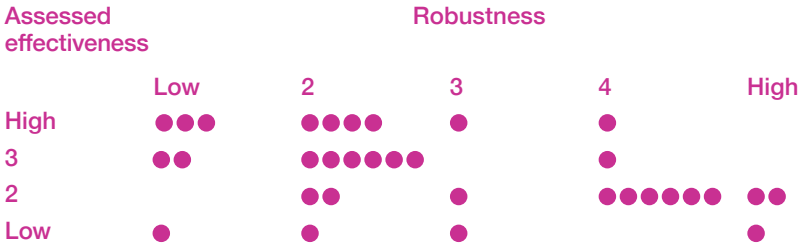
14 Primary/secondary/tertiary prevention definitions are taken from 'Towards Effective Prevention: Practical steps for the next government', prepared on behalf of the Early Action Task Force by Caroline Slocock (Community Links, 2014) [www.community-links.org/news/pr/towards-effective-prevention Accessed 12 Dec 2014]

15 Since it was set up in 2011, the EEF has committed £52m to fund 93 projects working in 4,500 schools involving 630,000 pupils. The full list is available here: www.educationendowmentfoundation.org.uk/projects/ [accessed 12 Dec 2014]

16 Source: survey by National Foundation for Educational Research (nfer) commissioned by The Sutton Trust, published June 2014 [www.suttontrust.com/newsarchive/nearly-1-4-teachers-think-pupil-premium-funds-may-targeted-poorest-students-sutton-trust-poll/ Accessed 12 Dec 2014]

But across Government, evaluation is too often treated as an after-thought. A recent National Audit Office report on the quality of almost 6,000 Government evaluations found the strength of evidence to be in inverse proportion to the claims made for the effectiveness of policies: the most positive claims were based on the weakest research.¹⁷ This is graphically illustrated below:

Relationship between robustness and claimed impacts in evaluations



Note

Robustness assessed on Maryland Scale. Assessed effectiveness, rated low to high.

Low = Small or insignificant effects.

2 = Mixed effects, positive for some, negative or insignificant for others.

3 = Positive effects, with some caveats or uncertainties noted.

High = Significant positive impacts, no or only minor caveats or uncertainties noted.

Source: National Audit Office analysis of external assessment by London School of Economics.

Civil servants may well argue they take their cue from their political masters. Research by the Institute for Government has highlighted how some politicians may prefer to avoid the “inconvenient truths” of evidence to avoid unpopularity and be unwilling to commit to multi-year evaluations which don’t fit the electoral timetable.¹⁸

17 In a review of almost 6,000 analytical outputs published on 17 main departmental websites between 2006 and 2012, the National Audit Office ‘found some evidence that evaluation reports that are weaker in identifying causality tend to be more positive in assessing what the intervention achieved.’ Report by the National Audit Office, ‘Evaluation in government’ (National Audit Office, December 2013), p.8 [www.nao.org.uk/wp-content/uploads/2013/12/10331-001-Evaluation-in-government_NEW.pdf Accessed 12 Dec 2014]

18 The Institute for Government ran a series of seminars on evidence-based policy in 2012. On avoiding unpopularity, it recorded: ‘one politician pointed out “problems came when evaluations recommended policies you thought would mean you lose your job”. There were areas, such as hospital closures where robust evidence pointed very strongly in one direction – towards amalgamation of services – but local opinion was hostile and tactical oppositions could make life impossible for government ministers who supported unpopular decisions. In those cases evidence did very little to sway public opinion.’ On evaluations not fitting electoral cycles, it recorded a politician saying: “I sat down with a research body the other day and they

I do not lightly dismiss such difficulties. However, there are two things which Government could ensure they do. First, they can look at the evidence that already exists for pointers as to which policies are most likely to work effectively.¹⁹ Secondly, they can ensure when trying out new ideas the pilots are set up in a way that allows their effects to be appropriately evaluated.

As the economist Tim Harford points out:

“While randomised trials are not going to tell us when to raise interest rates or get out of Afghanistan, there are many policies that could and should be tested with properly controlled trials. Is Jamie Oliver right to emphasise healthy school meals? Run a trial. Should young offenders be sent to boot camp, or to meet victims of crime? Run a trial. What can we do to persuade households to use less electricity? Run a trial.”²⁰

The evidence generated will offer us a much more secure basis for informing decision-making across social policy. The risk otherwise is that we over-promise the impact of effective prevention and under-deliver on the reality.

2. Recognition of the limitations of evidence and the importance of local adaptation and accountability.

Evidence guarantees nothing: it can tell you what worked *there, then*, when implemented by *them*, for *those* people. That does not automatically mean it will work *here, now*, when implemented by *you*, for *these* people. Government often expects too much from evidence, assuming that successful programmes can simply be expanded or transplanted and deliver the same positive results elsewhere.

For example, California attempted in the 1990s to re-create the success that had been achieved by Tennessee in boosting reading scores for its pupils, which the evaluation had attributed to lower class sizes. Yet when California

set out what they were planning to do. I said that ‘do you realise that by the time you reach your conclusions, it will be far too late to be of use to anybody ... and I’ll be the Fisheries Minister by then’?” Quoted in Jill Rutter, ‘Evidence and Evaluation in Policy-Making: a problem of supply or demand?’ (Institute for Government, September 2012), pp.17-19 [www.instituteforgovernment.org.uk/sites/default/files/publications/evidence%20and%20evaluation%20in%20template_final_0.pdf Accessed 12 Dec 2014]

¹⁹ This is the role of the centres of evidence comprising the What Works Network, and which includes the EEF: www.gov.uk/what-works-network [accessed 12 Dec 2014].

²⁰ Tim Harford: ‘Political ideas need proper testing’ (Financial Times, 17 March 2010) [www.timharford.com/2010/03/ft-comment-political-ideas-need-proper-testing/ Accessed 12 Dec 2014]

moved to smaller class sizes it made no difference. Its decision to hire lots more teachers very quickly meant it had to recruit less experienced, less well-trained people: the average quality of its teachers dropped.²¹

This is why ongoing experimentation and evaluation at the local level is crucial: making good use of the evidence of *what has worked there*, but adapting where necessary according to our own contexts until we find *what works here*.

This is why I believe that evidence is an empowering tool. Local authorities should, for instance, have the power to pilot alternative ways of levying taxes to fund the services they provide: why shouldn't Brighton and Hove City Council be able to introduce a Land Value Tax and abolish its Council Tax and Business Rates?²² And while it is the democratic right of Government ministers to require changes to the running of our public services, front-line professionals should also have the right first to ask of them, "Show me your evidence".

Conclusion

There are no silver bullets in public policy-making. As H.L. Mencken observed, "For every complex problem there is an answer that is clear, simple, and wrong." However, evidence – used intelligently, applied locally – offers us the best guide we have in developing answers that can tackle effectively the messy, difficult problems we face.

21 Nancy Cartwright and Jeremy Hardie: 'Evidence-Based Policy: a practical guide to doing it better' (OUP USA, 2012), pp.3-4.

22 Caroline Lucas, Green MP for Brighton Pavilion, proposed in Parliament in 2013 'a new tax on the value of land to be gradually introduced over a period of 10 years as a replacement for Business Rates and Council Tax' [www.greenparty.org.uk/news/2013/03/08/green-mp-publish-es-research-into-replacing-business-rates-and-council-tax-with-new-land-value-tax-ahead-of-appearance-at-liberal-democrat-conference/ Accessed 12 Dec 2014]

Why and How the Treasury Needs to Step Up

I worked on the NAO report “Early Action: a landscape review” which was published in January 2013. The following suggestions draw on that report, but are my personal views rather than those of the NAO. I focus on things which central Government, and in particular the Treasury, should do. Early action, of course, in most cases is designed and delivered beyond central Government. But there is much that central Government could do that would help.

The first priority is to clarify who has responsibility for leading and delivering central Government’s strategy for early action. That could be the Cabinet Office or Number 10, but it would be preferable for responsibility to reside squarely with the Treasury. The Treasury has three existing responsibilities which crucially influence the prospects of a decisive shift towards early action: setting and controlling the overall amount of public expenditure; allocating resources between competing priorities; and setting the framework for spending departments to deliver value for money. Early action holds the very real promise of enabling much greater value for money, but in large part the VfM benefits will take time to materialise. The Treasury understands better than anyone else the political difficulties of making room for more early action expenditure by simply cutting “reactive” spend, such as that on hospitals and prisons. This dilemma is at the heart of the early action challenge, and the Treasury will always hold sway. No substantial and sustainable shift in focus towards early action can happen without Treasury being fully behind it.

Once the Treasury’s responsibility for leading on early action was agreed, its priority should be to begin the shift towards early action through the Spending Review which will happen early in the life of the next Government. In practical terms, this will mean the Treasury working closely with the key social policy departments to develop strategies for moving attention and resources upstream. This rests on ensuring effective cooperation and coordination across departments, to address the well understood problem that the financial returns to early action (in the form of reduced public spending) usually accrue to other departments and delivery bodies. Treasury can facilitate that cooperation through financial incentives and its control over the “rules of the game”.

Next, the Treasury would need to focus on improving the data and evidence which will sustain a long term shift towards early action. What gets measures gets managed. The most urgent measurement priority is for Treasury to

develop a workable classification of expenditure so that it becomes clear to everyone how much is being spent on early action. One possible classification was suggested in the NAO report (distinguishing between “early” (preventative), “intermediate” (responsive to risk or vulnerability) and “later” (reactive) spend). Given the challenges of measuring outcomes, it is vital to have reliable, consistent measures of early action inputs, so that Government can be held to account on the progress it is making in shifting from reaction to prevention. This is no small task, as we discovered in the NAO when we tried to apply our trial classification to existing Government data and found that it was not feasible with the time and resources available to us. We did find an excellent precedent in some painstaking work done by Public Health England in the 2000s, using OECD classifications of types of health expenditure. But this detailed work needs doing across all the main social policy areas.

After measurement of inputs, there are two other vital pillars of the evidence base which Treasury would need to facilitate. The first is to build a much better understanding of the costs of the current, predominantly reactive, approach to intervention. This is costs in the widest sense: financial costs to the public sector as a whole, and the less tangible but even more important costs in terms of lost human potential and happiness of failing to intervene early. The NAO report cites some examples of good practice: DWP measured the overall costs of people being unemployed long-term, and used that evidence to inform the development of the Work Programme; and Leicestershire County Council did some impressive work to estimate the overall costs of troubled families in their dealings with a range of local services, which was instrumental in convincing those services to pool part of their budgets. These practices need to become much more widely embedded. The What Works centres could make an important contribution

The other evidential requirement is to improve measurement of the benefits of early action. This is primarily the responsibility of those delivering early action, but the Treasury can help by clarifying what constitutes high quality evidence (which will vary between interventions, and over time), and by rewarding departments and delivery bodies that produce high quality evidence on benefits and impacts. The most effective long term reward mechanism would be Treasury explicitly relating spending allocations to the coverage and quality of evidence on impacts.

Finally, the Government and Parliament should put in place institutional mechanisms to keep the Treasury focused on promoting early action over the long term. Options include enshrining in legislation targets for the proportion

of total public expenditure on early action, and charging independent expert bodies such as the UK Statistics Authority, the Office of Budget Responsibility or the National Audit Office to regularly review and pronounce on Government's progress.

The Institutional Framework for Early Action

The first one hundred days of the next administration will set the tone for the next five years. For early action to be central to everything the next Government does, early decisions matter. There are three key priorities – the first Queen's Speech; the Spending Review; and laying the ground for new institutions that will champion early action into the future.

Legislation

The first Queen's Speech should unveil a radical Localism Bill with the aim of giving local decision-makers the power to join-up public services in their area. After all, serious progress on early action can only take place across local organisational boundaries.

In a recent pamphlet *Labour's Local Offer*, published jointly by the Fabian Society and the New Local Government Network, I proposed²³ that a Bill should give local authorities the power to:

- Set area-wide strategies for the work of all local public services
- Direct collaboration across local institutional boundaries
- Sign-off the budget and performance goals set by other funding bodies and satisfy themselves that sufficient resources are pooled to take joint action
- Establish robust local scrutiny committees to monitor all public services in the locality
- Supervise or deliver arrangements for local challenge and support of each service

Other local public services from the NHS to probation would have corresponding responsibilities to co-operate.

The same Bill could be used to pass additional responsibilities to local government, which would greatly improve its ability to drive a preventative approach. The most obvious example is the integration of health and care. So far this has been progressed through financial levers and *ad hoc* local arrangements. Statutory change is also needed, at least to give a stronger role to Health and Wellbeing Boards.

23 Harrop, A., 2014, *Key Principles for Labour's localism*, available at: www.fabians.org.uk/key-principles-for-labours-localism/

The same argument applies to skills and work. There is growing interest in handing over skills and welfare-to-work budgets to local or sub-regional authorities to enable them to co-ordinate and streamline support and invest resources in early action. A new Fabian report *Out of Sight*²⁴, by Richard Brooks, illustrates what happens when this doesn't happen. Brooks looks at the "flow" of 18-year old NEETs into unemployment and argues that the problem is caused by poor design and coordination of local public services. He concludes that the problem is not lack of money and he finds that most 18-year-old NEETs do not face multiple needs that might predict entrenched exclusion from the labour market. They are just poorly served by Further Education, careers guidance and other local services.

In addition to creating new powers and responsibilities for all of English local Government, the Bill should give ministers the power to be much more radical in a handful of places. Ministers should push the logic of "total place" to its limits, by experimenting with complete financial devolution in a few localities: where the local services are willing and able, a single budget for all local services should be tested.

The 2015 Spending Review

The second priority for the first 100 days will be to set in train the 2015 Spending Review, which will need to conclude by the late Autumn. The spending totals that will be set by the review will be critical for prospects for early action.

Severe cuts will set the prevention agenda back rather than power it forward. Moderate belt-tightening may be helpful, in focusing public services on the need to re-wire services and deal with demand pressures. But bullish public leaders must not fall for their own rhetoric and suggest that big cuts provide the burning platform for transformational change. The reality has been very different in services like adult social care: although there has been some excellent innovation, the number of frail older people that councils help has greatly diminished, as authorities have been forced to withdraw to their essential statutory responsibilities.

24 Brooks, R., 2014, *Out of Sight*, London, Fabian Society.
Available at: www.fabians.org.uk/publications/out-of-sight/

The outcome of the election is therefore vital for the early action agenda. The fiscal plans of the Labour Party and the Liberal Democrats imply only modest cuts to public service budgets overall. The Conservative plans would lead to huge retrenchment and the end of local government as we currently know it. They are not compatible with a shift to early action.

The process of the Spending Review will be just as important as the spending totals, when it comes to the early action agenda. In 2013, the Fabian Commission on Future Spending Choices²⁵ argued for a very different approach to the spending review, with the intention of embedding long-termism and prevention. The key elements were:

- A review should be conducted on a “3 plus 2” basis to give as much certainty as possible to public services. The Treasury and then departments would commit to making long-term allocations to each public service, with firm commitments for three years and indicative totals and capital budgets for a further two.
- The process should start with the publication of principles to inform spending decisions. The Fabian Commission proposed that investment in early action and a focus on outcomes should be two of them.
- At the same time a long-term expenditure statement should be published setting out the likely direction of spending over one to two decades. This would provide the process with a long-term focus and encourage decision makers to focus on patterns of demand and prevention.
- These publications would be the platform for a two-way process, with public services encouraged to feed ideas upwards and involve citizens and stakeholders. The final announcements would be held back until late autumn to make this possible.

Not all this would happen in the first 100 days, but the overall plan for the Spending Review would need to be announced immediately. For example, it would be essential to return to the New Labour practice of negotiating service outcomes alongside financial settlements. The Review should also be used to introduce changes to financial decision making across Government. Setting multi-year budgets across public services should be accompanied by better integration of financial planning with planning performance improvement and innovation.

25 Fabian Commission on Future Spending Choices, 2013, *2030 Vision*, London, Fabian Society. Available at: www.fabians.org.uk/publications/2030-vision/

To help make this possible all major decisions with financial implications should be accompanied by: an assessment of their “year ten” costs; and a broader “ten year test” (as proposed by the Early Action Taskforce) which looks at the long-term impacts of decisions, including on communities and other public services.

Looking further ahead

Getting the first Queen’s Speech and the Spending Review right will be more than enough to occupy new ministers in the first 100 days. But the new administration should also acknowledge early on, where it *does not* have all the answers and set in train the institutional reforms which will make it possible to develop them.

In particular, if Labour leads the new Government, there will be much to do to flesh out the party’s vision for public services. Labour needs to clarify how it will split the difference between marketised services and outdated bureaucracy, to give space for local and service-level innovation and leadership to flourish.

Going Public²⁶, another recent Fabian report, presented a roadmap for Labour’s public service agenda, based on the principles of: strong public values; empowerment; and performance and value. The early action agenda lies at the crossroads of these three principles, with the report arguing that achieving good value requires:

- A focus on outcomes for the citizen not functional activities
- A long-term perspective, including a major focus on early action
- A whole-place approach, looking across organisational boundaries at the value public services bring collectively Transparency and good use of evidence, in diagnosis and tracking progress
- The promotion of innovation, learning and risk-taking, with appropriate autonomy, support and rewards.

This sort of thinking needs to be worked-up in Government, to provide a clear path for services. But with little existing groundwork, the new Government should not rush to judgement. Instead it should create the space to test ideas and build evidence. For this new institutions are needed – and they should be unveiled in the early weeks of Government.

26 Harrop, A., 2014, *Going Public*, London, Fabian Society.
Available at: www.fabians.org.uk/publications/going-public/

They should include arms-length, evidence-based bodies to support public service innovation free from ministerial control; and a strong, strategic capability on public services and social policy that must sit at the heart of Government.

Focussing on Programmes

A new deal for parents and children

We need policies which focus on the main problems which people worry about from day-to-day. Wellbeing research shows that, even in hard economic times, people's main worries are about relationships, including

- relationships between them and their children
- relationships between them and their partner
- the values and behaviours their children pick up at school
- the children's chances of meaningful work after school, and
- mental illness in the family.

There are of course many other important relationships – above all, at work. But I suggest that the ones I have listed could form the centrepiece of a **New Deal for Parents and Children**. In each area there are well-evidenced things that can be done, which also have the merits that

- they would benefit and resonate with all social classes
- they would have very small net cost.

Let me outline them first and then revert to cost.

Proposals

1. Support for parents

- a Post-natal depression affects 20% of all mothers. Most are not treated. Health visitors are now being trained to identify this but those affected need professional therapy. They should be guaranteed professional psychological therapy in the NHS within 28 days of referral (as part of the wider guarantee in 3 below).
- b Seriously bad behaviour affects about 10% of children at some point. For mild to moderate cases the right approach is group training for parents in how to relate to their children. After the Webster-Stratton Incredible Years group training programme about $\frac{2}{3}$ of children improve in a way that is sustained. About 3,000 workers have now been trained but free access to this programme for parents should be guaranteed.
- c Conflict between parents is common and is one of the most damaging experiences for children. It also reduces the happiness, productivity and tax payments of the couple. Couples therapy should again be available as a standard offering within the NHS.

- d As a preventive measure, couples should be offered nearly-free parenting classes around the time of childbirth, covering not only biology but also relationships (between parent and child, and between parent and parent).

2. Schools for life

- a School discipline is a major issue for many parents and children. In a recent survey 43% of children said that other children were “always” or “often” so noisy that they found it difficult to work. There are well-tested Webster-Stratton programmes for training teachers to control behaviour, based on the same principles as parent training. They should be part of standard teacher training, and available to serving teachers who want to take them.
- b Values. We need schools to be as concerned with character as with competence. A respectful, altruistic ethos is successfully cultivated in “values schools”. They provide a good example of what can be done.
- c Resilience/PSHE. All research shows that happier children learn better. Academic results and personal wellbeing are not rivals, as DfE currently believe, but complements. There are professional evidence-based ways of teaching PSHE (Personal, Social and Health Education). These should be encouraged through brief courses for serving teachers, and organisationally PSHE should become a graduate specialism in the PGCE. Every school should have a Wellbeing Policy, which includes mental health awareness.

3. Mental illness in the family.

One million children and young people and six million adults are mentally ill. The new Act promises parity of esteem for mental and physical health. But under a third of mentally ill people are in treatment. This is true of children and adults, and is mainly due to lack of facilities. Moreover, there are no waiting time targets for psychological therapy. It is a disgrace and a new deal is required.

- a NICE recommended psychological therapies should be available to all who need them. The Improving Access to Psychological Therapies (IAPT) programme which we launched in 2008 has according to *Nature* set a world-beating standard,²⁷ and has 45% recovery rates. But it only reaches 15% of adults with depression and anxiety. A good objective for 2020 would be 25% of adults and 33% of children – with at least 50% recovery rates.
- b Every school should have a named (part-time) therapist working there (on outreach from CAMHS).
- c The training of GPs should include a mental health placement.

27 *Nature* (2012), Vol 469, 27 September, pages 473-474

4. Transition to work

An essential feature of a good society is that young people feel they are wanted, and have a natural way in which they can contribute to society. We have two excellent policies which we should reactivate:

- a The apprenticeship guarantee for 16-19 year olds. This was in the 2009 Apprenticeship Act but this was repealed in 2011.
- b The job guarantee. We should guarantee every unemployed youngster a job within 12 months – and remove the option of continued life on benefits (which the Coalition have incredibly re-introduced).

Cost

There is good evidence that most of the above proposals would have no net cost to the Exchequer.

1. For adult mental health, there is good evidence²⁸ that within two years, the Exchequer cost is recovered twice over, through
 - savings in physical healthcare, and
 - savings in benefits and lost taxes (mental illness is 40% of all illness in working age people).
2. For child mental health, the savings take longer to accrue but there is good evidence that once again they exceed the cost.²⁹ The same is true of resilience training in schools, where the gross cost is very small since it fits within the existing timetable.
3. Better school discipline and values yield savings which are harder to measure. But the gross cost of the proposals is small.
4. The apprenticeship guarantee is based on the evidence of a 40% rate of return to apprenticeship³⁰ - much of which goes to boost tax receipts. The job guarantee is estimated to recover about half its cost in savings on benefits and lost taxes.³¹

28 R. Layard, and D.M. Clark, (2014), *Thrive: The Power of Evidence-Based Psychological Therapies*, London: Penguin. Chapter 11 (Can we afford more therapy?).

29 M. Knapp, D. McDaid and M. Parsonage (Eds) (2011), *Mental health promotion and mental illness prevention: the economic case*, Department of Health.

30 S. McIntosh (2007) *A Cost-Benefit Analysis of Apprenticeship and Other Vocational Qualifications*, Department for Education and Skills Research Report No. 834.

31 P. Gregg and R. Layard (2009), *A Job Guarantee*, CEP mimeo. (Need to relate this to the evaluation of New Jobs Fund.)

The **gross cost** of these proposals (before deducting savings) would need some work but is probably of the following order (excess over 2015):

	£billion p.a. in 2020
Child mental health ¹	0.15
Adult mental health ²	0.30
Parenting classes ³	0.05
School discipline and values ⁴	0.05
Apprenticeship guarantee	0.25
Job guarantee	1.00
Total	1.80

¹ 1(b), 3(a), (c); ² 1(a), (c) 3(a), (b), (d); ³ 1(d); ⁴ 2

The low cost of the first four rows is striking, when one considers their transformative potential for people's lives and the daily worry that these issues cause.

Five Ways We Could Act Earlier on Mental Health

I would like to see early action to tackle mental illness: we can improve lives and save money by doing what we know works.

Five-point plan:

- **Prevention:** action in every school to spot early signs of mental illness and tackle them and a strengthened Child and Adolescent mental Health Service (CAMHS);
- **Treatment:** enhancement of early action services, better, kinder hospital treatment and greater availability of talking therapies;
- **Accommodation:** step-down accommodation linked to hospitals and crisis units to prevent admission. Supported housing for people with very long term disabling conditions;
- **Employment:** targeted employment services to support people with mental illness into work;
- **Tackling stigma:** expand the excellent “Time to Change” campaign into a mass movement.

Why

Mental illness accounts for nearly 25% of the disease burden in England. It can blight the lives of those who experience it and their friends and families. Despite being 25% of illness, it gets less than 15% of resources. One in four people are thought to experience a mental illness so just about every family is affected. Some of the most serious mental illnesses such as bi-polar and schizophrenia affect about one in every 100 people; so most of us know someone with one of these conditions.

There is good practice and fortunately we know much more than we used to about how to prevent and treat mental illnesses. The problem is that we do not implement what we know works best. There is a strong moral imperative to act: early action is good for society. It also saves money.

Physical illness and mental illness are closely linked: we know that people with schizophrenia and psychotic illnesses die 15-20 years before other citizens. This is preventable. We also know that high numbers of people with serious physical illnesses also suffer from depression and other mental illnesses.

Again, this is often undiagnosed and untreated.

What should we do?

Prevention: spotting early signs and symptoms and addressing them can head off serious problems. Schools need to have high quality counselling services and referral where appropriate to CAMHS. It needs adequate funding to take on the vital task of preventing the development of mental illness.

Treatment: Early action has been shown to work and there are some excellent services where young people showing early signs of mental illness are seen quickly and given appropriate counselling and treatment. These services must be protected and enhanced.

GPs are increasingly taking on responsibility for treating people with mental illnesses and their training needs to change to reflect this. Psychiatrists and counsellors need to support GPs and there needs to be a good network of crisis support.

In-patient wards need to be calm, therapeutic environments where people are listened to and where there is a healthy diet and exercise, particularly for those on medication to combat side effects. Many wards do not come up to this standard and urgent action is needed to tackle problems of leadership and staff training.

Research is now clear that talking therapies should form part of treatment for many people with mental illnesses. There needs to be a rapid increase in the availability of these services and waiting times need to be reduced,

Accommodation: People should stay in hospital for as short a time as possible and there needs to be linked step-down accommodation for people leaving hospital and crisis accommodation to prevent admission. This can be provided by Housing Associations and other care providers at about half the cost of keeping someone in hospital

Most people who have had a mental illness are happiest and best looked after in the community. A small number never recover sufficiently to live completely independently. They are often cared for by their ageing parents and there is a real shortage of suitable supported accommodation for them to move into. This needs to be addressed.

Employment: work is good for mental health and most people with a mental illness want to work. Considerable support is needed over time if people are to get back to work successfully and the Government-funded employment services need to be incentivised to adopt well researched methodologies for people with a mental illness. We can do much better at helping people recovering from mental illness into work.

Many people experience mental illness while in work and employers need to be able to get good advice and training on how to handle this.

Stigma: the excellent “Time to Change” campaign tackles stigma and has I think led to greater awareness and increased understanding. But there is still a long way to go before people with mental illnesses feel able to discuss them openly. We need to carry on campaigning and win the hearts and minds of the whole population.

Acting Earlier for Social Security

It would cause no controversy to suggest that reforming the social security system is a long-term endeavour. However, there are some important changes that could be made, and certain messages that could be communicated, in the first 100 days of the next Government. These crucial first steps would then guide social security reform for the lifetime of that Government and potentially beyond.

Proposed solutions to the problems of the social security system vary wildly from strengthening conditionality to introducing a universal basic income. As Community Links has argued, embedding early action into the social security system could address many of its problems and achieve a triple dividend; thriving lives, costing less, and contributing more.³²

Broadly speaking the current system has four features:

- It promotes opportunity
- It helps us deal with setbacks
- It compensates for failures elsewhere
- It causes costs elsewhere

The first feature is the only one that is wholly positive and is also, unfortunately, the most underdeveloped. The second and third features have both positive and negative elements to them. Helping us deal with setbacks has been a cornerstone of the social security system for many years; from supporting those who find themselves unemployed to ensuring that people who fall ill are properly cared for. This is a necessary function, particularly when failures in other systems cause problems that require support.

However, many of these setbacks are largely avoidable or, at the very least, crises that could be addressed far sooner and thus prevented from getting worse. The fourth and final feature, causing costs elsewhere, is inherently negative; for example, the current regime of conditionality has resulted in large numbers of people being incorrectly sanctioned³³ and many changes have caused incomes to diminish by a considerable amount. As our primary research has shown, this can lead to individuals not being able to afford food,

32 Early Action Task Force, 2011, *The Triple Dividend*, London, Community Links.

33 Miscampbell, G., 2014, *Smarter Sanctions*, London, Policy Exchange.

heating, or even the transport costs required to go to a job interview³⁴. This inevitably leads to pressures being placed on other services, particularly when an individual's health deteriorates.

So what would a social security system with early action at its heart look like? And what actions could the next Government take in its first 100 days to move us towards this?

The first step is to adopt more positive underlying principles, as set out in our latest report '*Secure and Ready*'. The second would be to change spending rules in order to enable these principles to be put into practice. In doing so the next Government could ensure that the social security system promotes readiness; not only empowering people to deal with unavoidable setbacks, but enabling them to seize opportunities too.

Underlying Principles

There are six key principles that could underpin an early action social security system. The next Government should use these to guide all of its future work on social security. Only the first two will be dealt with in detail here³⁵, but they are:

- Act earlier
- Institute a presumption of willingness
- Encourage universalism
- Recognise the value of relationships
- Value other forms of contribution
- Pay enough to live on

The first principle, to act earlier, is wide ranging and could be in housing, health, or employment support. Taking the latter as an example, employment support could be extended to those who are already in-work. Currently the JCP mostly works with unemployed people, but in-work poverty is increasingly a problem³⁶ and therefore by supporting people to progress in their jobs they can earn higher wages, learn new skills, and ultimately not only contribute more but also find work more fulfilling. Furthermore such an approach could support those at risk of losing their jobs, whether through illness or redundancy. Other

34 Roberts, E., Price, L. & Crosby, L., 2014, *Just About Surviving*, London, Community Links; Roberts, E. & Price, L., 2014, *Tipping the Balance?*, London, Community Links.

35 See Horwitz, W., 2014, *Secure and Ready*, London, Community Links for detailed discussion of each of these principles, and for spending rule changes discussed below

36 Living Wage Commission, 2014, *Working for Poverty*, London, Living Wage Commission.

changes could include earlier identification of those who need more intensive employment support³⁷, and earlier payment and support when a benefit claim has been started.³⁸

The second principle, to institute a presumption of willingness, is entirely at odds with a regime largely characterised by suspicion. It is assumed that claimants are intent on defrauding the system, whereas in reality it has been estimated that only 0.7% of the total social security budget is lost to fraud.³⁹ Strict behavioural conditions are therefore placed on individuals, and harsh sanctions applied to those who are seen to be breaching them. Community Links has argued before that people ultimately want to succeed, and that a refusal to engage with a project is a failure of that project, not the individual. To return to the employment support example, the next Government should reverse the implicit incentives for Jobcentre staff to sanction jobseekers. The best jobcentres would instead be judged on their ability to achieve sustainable and high quality job outcomes, with a minimum of applied sanctions. Voluntary employment programmes - particularly those that emphasise the value of relationships and other forums of contribution - should also be strengthened, and more emphasis placed on locally led projects.⁴⁰

The Welfare Cap

There are some fundamental barriers to enacting these principles, many of which exist in current spending rules. One spending rule that could be reformed in the first one hundred days is the cap on welfare spending. This cap sets a limit on projected social security expenditure (not including counter-cyclical spending like Jobseekers Allowance) over the following five years, and is refreshed every year when the budget is set. If forecasted spend in any year is likely to exceed this limit then the Government has to either seek approval from Parliament for the cap to be raised, explain why such expenditure is justified, or propose policy measures to reduce expenditure.

37 Crosby, L., Price, L. & Roberts, E., 2014, *Deep Value Assessment*, London, Community Links.

38 Community Links, 2014, *Response to SSAC consultation on the Social Security (Waiting Days) Regulations 2014*. Available at www.community-links.org/uploads/editor/file/CommunityLinks_Response_SSAC_WaitingTimes_vFinal.pdf

39 DWP, 2014, *Fraud and Error in the Benefit System 2013/14 Estimates*, London, DWP.

40 Rolfe, H., Portes, J. & Hudson-Sharp, N., 2015, *Local authority schemes supporting people towards work*, London, National Institute of Economic and Social Research.

The cap therefore provides a political incentive for spending to be constrained. It does not recognise that investment in other systems, for example employment support, can bring down other costs; and ignores the fact that upfront investment in social security, for example the childcare element of tax credits, could yield future savings. Instead policy options are narrowly focussed on cutting spending without any real consideration of potential effects; for example, tightening eligibility criteria or reducing individual entitlements. As argued above, this is inherently negative as the primary result is to cause costs - both financial and social - elsewhere.

Fortunately, the cap could easily be made more nuanced in the next Government's first 100 days by ensuring that it identifies areas of expenditure that could be brought down by earlier action elsewhere. Better impact assessments and an appraisal of policy options by the Office for Budget Responsibility would support this. Policy changes should be 'scored' to indicate their effectiveness in reducing (or increasing) expenditure in the short and long term. Such a report would be published alongside the social security budget and require Parliament to discuss the evidence as to whether a breach in the cap now could yield savings later.

Ultimately this would encourage upfront investment that is likely to reduce demand; for example in the housing supply⁴¹, childcare⁴², or employment support. Such investment should be recognised by the cap, regardless of whose budget it comes from. It would also prevent the bias towards short-term fixes that seemingly keep expenditure below the limit, but in reality end up causing costs elsewhere.

Conclusion

The next Government should look at social security through an early action lens. In doing so the system could be re-imagined as something that stops problems from occurring in the first place, rather than just as a safety net to catch those who have fallen. The latter is undoubtedly important, but should be avoided wherever possible. In its first 100 days the next Government has the perfect opportunity to challenge the prevailing ethos that cutting the benefits 'bill' is a good idea and instead see social security as an investment: in individuals, in communities and, ultimately, in the whole of our society.

41 Cooke, G. & Davies, B., 2014, *Benefits to Bricks*, London, IPPR.

42 nef/Action for Children, 2009, *Backing the Future: why investing in children is good for us all*, London, nef.

One Hundred Days For Early Action: Time for government to put prevention first

The Early Action Task Force has brought together a respected group of leading experts and thinkers with decades of experience of Government – as, civil servants, senior advisers or respected commentators, to set out practical steps for the next Government.

As the UK faces a situation of escalating need and diminishing resource, with public expenditure cuts forecast into at least the next four years, this collection of essays by expert commentators develops practical recommendations which a newly-elected Government could adopt in their first 100 days in office to put an early action approach at the centre of their work, or risk the future of important public services.

Written by respected authors with a diverse range of backgrounds, this compilation does not represent a collective opinion but has been published to generate a vigorous discussion on the role of Government in managing social problems.

The new PM and ministerial team will face many challenges in their first 100 days, but in almost every area of Government there will be the same strategic choice: prevent now or pay tomorrow. Early action will not only reduce the demand for public services it will also deliver greater well-being and fairness and promote growth and opportunity.

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