The second report of the Early Action Task Force

The Deciding Time

Prevent today, or pay tomorrow

community links

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The Early Action Task Force

Geraldine Blake	CEO, Community Links
Kim Bromley-Derry	CEO, London Borough of Newham
Dan Corry	CEO, New Philanthropy Capital
Hilary Cottam	Principle Partner, Participle
Sir Stuart Etherington	CEO, National Council of Voluntary Organisations
Victoria Hornby	Director of Grants, Royal Foundation of The Duke and Duchess of Cambridge
David Hutchison	CEO, Social Finance
Ben Jupp	Director, Social Finance
Dharmendra Kanani	England Director, The Big Lottery Fund
Tom McLaughlan	Director Government Relations, Accenture
Debbie Pippard	Head of Programmes, Barrow Cadbury Trust
Prof. Anne Power	Professor of Social Policy at LSE
David Robinson	Task Force Chair, Senior Advisor, Community Links
Baroness Stedman-Scott	House of Lords; and CEO, Tomorrows People
Dame Clare Tickell	CEO, Action for Children
Kitty Ussher	Former CEO, Demos and Treasury minister.
Yasmin Waljee	International Pro Bono Manager, Hogan Lovells
Nick Wright	Managing Director Corporate Responsibility UBS

Task Force Advisors

Will Horwitz	Policy and Media Coordinator, Community Links
Caroline Slocock	Director, Civil Exchange

More information: www.community-links.org/earlyaction

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What more has to happen?

LAST YEAR WE PICTURED A 'READY FOR EVERYTHING' COMMUNITY at the top of a cliff where universal services and clear rules equip us to flourish, protect us from harm and prepare us for change. 'Fences' or prompt interventions at the cliff edge respond early to problems which, if not forestalled, could lead to more serious difficulties. Further down the cliff those interventions become more focused on crisis. They are less likely to be totally successful and are very likely to cost more.

It was a simple picture that captured the wisdom of early action and the value of developing from a society that waits for trouble and pays the price to one that prevents problems from occurring and reaps a triple dividend – thriving lives, costing less and contributing more.

Eight months on, the picture has changed and is changing dramatically and quickly. The cliff has taken a battering from the storms in the global economy, eroding jobs, incomes and opportunities. Many individuals, families and communities, relatively secure a couple of years ago, are now much closer to the edge. At the same time the fences – preventative services such as legal aid, detached youth work, open access play – have been tumbling over. As these services disappear the subsequent demand for expensive acute provision at the bottom of the cliff rises inevitably and inexorably. The consequential costs, economic and social, are unsustainable.

It's hard to imagine that we'd ever stop immunising children against TB or polio because we could not afford it. Or only operate for cancer after a nine-week minimum waiting period because earlier detection and swift treatment is thought too expensive. Yet in other, less well chartered areas of public policy that is exactly what is happening now; delaying or cutting entirely the earlier action, and, very shortly, paying the price. We quote Justice Minister Lord McNally (page 12) telling the House of Lords earlier this year that government will not *'devote these limited public funds to less important cases on the basis that they could indirectly lead to more serious consequences'*.

Practitioners and politicians across the UK have told the Task Force that they understand the importance of prevention and they are already getting on with it on the ground. With few exceptions, they aren't; or at least not on any scale. It may be common sense but it isn't yet common practice.

> '…developing from a society that waits for trouble and pays the price to one that prevents problems from occurring and reaps a triple dividend – thriving lives, costing less and contributing more'

The NSPCC, for instance, have calculated that spending on children's social care – fostering, youth justice, family support services etc – was set to fall by 24% last year, with the burden falling disproportionately on preventative services despite the prominent rhetoric around prevention (CIPFA & NSPCC, 2011). Youth and crime prevention services tell a similar story.

The immediate future looks no better. The IFS estimate that more than 80% of the reduction in public expenditure has yet to hit the front line (Emerson *et al*, 2012). The Local Government Association say that by 2020 the cost of delivering councils' statutory responsibilities (social care, social services, waste collection and concessionary travel) will leave almost nothing for early action services or, indeed, libraries, leisure centres and much else (LGA, 2012).

Day after day the media report on The Economic Crisis. It is, for the moment, the story of our time. The social damage remains a minor sub-plot, one of the subsidiary effects. Future generations may see it differently. In 15 or 20 years time our children may think of this decade as the period when consistent progress on health and well-being, sustained unbroken through modern times, was thrown into reverse. The Social Retreat might be the chapter heading, its impact brutal and enduring.

They might look back on the 1940s, when Britain was faced with no less of a debt challenge, but the government applied vision and foresight and *invested* in a better future through the welfare state, not in spite of austerity but *because of it*.

Or just possibly not? This is the deciding time.

Perhaps it may yet be the period of transition, when unsustainable spending trajectories are arrested and reversed with bold and systematic commitment to moving upstream, reducing future liabilities with effective prevention and early action? What if government facing a structural economic crisis with falling revenues and unsustainable costs set out on a path towards a better future, guided by a positive vision of the importance of early investment in people? What if there were a recognition that austerity measures which disregard longer-term economic and social costs, kill growth; they don't reduce the national debt, they add to it. Spending more on problem prevention – both as a proportion of total spend and in absolute amounts – will *increase* growth and *reduce* future liabilities.

In essence the choice is a simple one: 'To ensure sustainable public finances' and 'promote intergenerational fairness' as required by the government's own Fiscal Framework. Or not.

Of course we can't stop funding acute services whilst they are needed. We are not arguing for the avoidance of this responsibility. We are arguing for the reduction of need. Changing the nature of the state from one that is primarily busy at the bottom of the cliff, to one that is operating strategically at the top is the only sustainable way of achieving government goals on the economy. An 'enabling state' would be the next evolutionary step beyond the welfare state, investing in individual capabilities before people reach crisis rather than waiting until they are unable to provide for themselves.

> ‘…the choice is a simple one: 'To ensure sustainable public finances' and 'promote intergenerational fairness' as required by the government's own Fiscal Framework. Or not’

In this report we note that diabetes costs the country £23bn a year and 80% of the NHS spending on the disease manages complications *which could have been prevented* (Hex *et al*, 2012). We point out that youth crime costs £4bn and several successful programmes have shown how to reduce it, yet we spend 11 times as much on youth imprisonment as we do on prevention (CSJ, 2012). These are sins of omission.

For the most part we know what to do, but we are inhibited by the rules that we have made for ourselves and intimidated by custom and practice. The next Spending Review will be particularly significant determining priorities and sending a message. Several of our recommendations focus on this process, but the responsibility for developing a society that is ready for everything does not lie with government alone. Individuals, families, communities, voluntary sector organisations, businesses, charitable foundations, local authorities are all important.

It may sound sententious but the truth is inescapable: we need *as a generation* to grasp where the flow is taking us. We need to open our minds to new possibilities and we need the leadership, at every level to grip the challenge and the opportunity,

What more has to happen before we do?

The story so far

IN EARLY 2011 COMMUNITY LINKS BROUGHT TOGETHER EXPERTS from across the sectors to tackle the question: How do we build a society that prevents problems from occurring rather than one that copes with the consequences?

Eight months later the Task Force published *The Triple Dividend* to share its findings so far and to stimulate discussion (Community Links, 2011). We suggested that we should be 'ambitious for a society where we don't wait for trouble and pay the price but where we are all ready and able to benefit from opportunity, to learn at primary school, to thrive in secondary, to be job ready at 17 and ready to support children of our own when the time comes, to be ready and able also to manage adversity – to cope with losing a job or a relationship, to rebuild after illness or bereavement, to adapt to change … a community that is ready for everything.'

After a further eight months following through on our recommendations and learning from a wide range of partners who have been inspired by our work we are concluding this phase of the work of the Task Force with this second report covering the progress of the thinking, the impact of the activity and our proposals for sustained development. The Task Force is an advisory group. Not every member would support every idea in this report but we do all want to stimulate new thinking on the early action agenda.

We could tell a story about the development and implementation of our ideas, about the National Audit Office's ambitious cross-departmental 'landscape review' of early action – here we see substantial potential for building a profound shift in culture, and culture and practice at the heart of government, a story about the Lancashire Constabulary leading an early action charge in their county; about Business in the Community carrying the message to business; about Big Lottery Fund embedding the principles in their funding; about the Welsh Government legislating for a sustainability or about Coventry City Council working with partners on approaches to readiness. These are all stories of boldness and open-minded leadership and significant development in less than a year.

Equally we could talk about the potentially significant cross-government Social Justice Strategy that reported on existing programmes and enthusiastically supported the principles of prevention, but paid less attention to the barriers (DWP, 2012). Here and elsewhere in government we fear that good intentions will be unfulfilled without the kind of measures that we are recommending. Or we could report on progress in adult social care where prevention is much discussed but change has yet to take hold, and on the £5m allocated for the Early Intervention Foundation – a potentially useful contribution to building the evidence base but less than recommended in the Allen reviews and drawn from budgets that were already committed to early action.

On balance we are optimistic, but without illusion. We believe that rhetoric is fuelled by a genuine desire and we think that the local trail-blazers are more than isolated initiatives. Stimulating, encouraging and supporting these case-makers has been an important part of our work, both because of their intrinsic value and because a mexican wave can never begin without someone standing up.

We see increasing traction in the language of readiness – now used by organisations as diverse as primary schools, prisons, charitable trusts and care homes. We see the important new work of the National Audit Office and the interest shown in the agenda by officials across government, and from across the sectors. We see progress on developing the political narrative establishing clear goals and top level ownership. We sense a gathering momentum.

Some may be driven more by desperation, ‘we can’t go on like this’, than any loftier goal, but that may not matter. **Asking not, how do we meet this need, but rather how do we reduce it in the future is one way, perhaps the only way, of tackling the most urgent financial imperatives without abandoning all commitment to social progress.**

The implementation of these recommendations would be worthwhile, indeed in some areas transformational, but not sufficient in the context of an unequal society and an economy in recession. These issues are far bigger than the Task Force, but without also reducing inequality and improving social cohesion we will always be battling against an overwhelming tide. We focus on the technocratic aspects, the bureaucratic plumbing, because we feel that we can make a measurable difference here. The Ten Year Test, Transition Plans and other recommendations are practical tools, but we hope that their development will also lead to a bigger conversation – one about values, priorities and the fundamental nature of the society in which we live.

Ten Lessons on content and process

WE'VE LEARNT TEN HEADLINE LESSONS from the work of the Task Force over the last year.

- **That this is a critical time.** Earlier action matters now more than ever. Present trajectories of need and spending are unsustainable
- **That the arguments are economic as well as social.** Effective early action is a need-reduction strategy reducing future liabilities and promoting growth
- **That the approach is 'common sense but not yet common practice'.** We don't, for the most part, need to change minds
- **That**, of the three levels of response to a problem – programmatic, structural, and cultural – **the government's approach to early action has been at best programmatic**, the least transformational approach. Individual programmes layered on top of existing public services can just paper over the cracks of a faulty system, rather than shift it towards a new early action approach
- **That we need to challenge systems and structures.** Not least because the 'have another programme' approach is no longer affordable. Less of the itty bitty, more of the nitty-gritty
- **That strong leadership is critical.** Some of the biggest obstacles to structural change are cultural resistance and institutional inertia. They will only be overcome by leadership, at every level, willing to challenge convention
- **That we know how to do the basics.** We know the weaknesses and the challenges but we have the experience and the knowledge and there are plausible grounds for being ambitious and optimistic
- **That it is about us all.** We all need to be ready for our next challenge and we all have an interest in one another's success. We can't 'other' the arguments for early action
- **That we are stronger together.** The social, economic and environmental arguments about sustainability, readiness, prevention and early action are mutually reinforcing. On almost every issue progress on the ground can only be advanced by working across boundaries. We need to connect the ideas and the champions, the budgets and the programmes
- **That the varied cross-sector backgrounds of Task Force members** and the developing network around it has enhanced the substance and the credibility of the case for early action. We need to build on, and with, this experience through the continued engagement of respected leaders from across the sectors.

In this Report

WE REPORT ON THE PROGRESS MADE OVER THE LAST YEAR. Some of our partners offer their perspective, including Peter Davies the Sustainable Futures Commissioner in Wales, Matthew Smerdon the Assistant Director of the Baring Foundation and Ambreen Shah Deputy Director at the Big Lottery Fund

We consider the **Six Blocks** – the big obstacles to the development of early action. This has been the principal focus of the work of the Task Force. We conclude that, within each one, there are multiple complications but none are insurmountable and we put forward a further set of recommendations.

Last year we featured a gallery of case studies drawn from the voluntary sector and we considered the lessons reflecting on how and why early action works on the ground. This time we turn the 'Stories of Success' spotlight on local authorities with a further collection of studies throughout the report.

Our recommendations include

Ten Year Spending Plans reviewed every two to three years We start with the objectives set out in the government's own Fiscal Framework **'sustainable public finances … promoting intergenerational fairness'**. The Spending Review sets the parameters for planning and budgeting in government and beyond. All the while it focuses on a three year outlook these goals are unachievable. We need policies that add up in the longer term. We recommend the publication of ten-year spending plans in each Spending Review. Plans would continue to be reviewed every two or three years, as now, but the current government would consider, publish and be held to account for the effect of its decisions over the next ten years. A one-off cross-party Commission should be established to realign thinking to this longer-term vision and to build consensus.

Treating early action as an investment Early action spending forestalls future liabilities and creates growth. We recommend protecting it in the same way as capital investment. This would ensure that it could not be raided for the purposes of managing short-term demands and it would release the potential for significant funding to be moved into preventative services.

Better information on what is spent now and how much it will cost tomorrow The National Audit Office is working on a cross departmental early action landscape review, and is intending to include early action cost information. This information and more is needed for planning and management. We further recommend that the Office for National Statistics analyse how money is spent now and the Office for Budget Responsibility report on the 10-, 20- or 50-year implications. This will help to improve decisions on the 10-year consequences when the plans are set.

Ten Year Tests and Early Action Transition Plans Establishing bold, long-term goals and delivering them involves cultural change as well as structural change. We recommend a Ten-Year Test to ensure that plans work, now and over the next decade, and Early Action Transition Plans for use across the sectors. These would be linked to the 10-year goals and would plot the gradual shift of expenditure towards earlier action. These tools matter as much to move the mind-set as to shift the spending profile.

Incentives and sanctions to break down silos Alongside the new time frame, protection of early action as an investment and better information, it is important to establish incentives and also rights and duties which break down the barriers between departments and organisations, and require and reward longer-term planning. We recommend various financial incentives, including responsibility charging, early action funds, profit sharing, premiums and, as the Welsh government are now considering, a duty on all public bodies to think of the future.

Changing on the frontline Changing the financial systems and structures is not an end in itself. We follow through with recommendations about commissioning, and the delivery of services, including work force training, a duty to collaborate and a right to lead.

Leading in the third sector From the outset the Task Force has been concerned with building a society that prevents problems from occurring, not just a government, although government's role is crucial both for what it directly determines and for the wider influence of a process like the Spending Review. We suggest new early-action funding streams for the third sector, and leadership from funders requiring, and resourcing, possibly with dedicated funds, a measured shift towards the long-term reduction of need. Amongst other possibilities we recommend an independent Case Makers' Fund, redirecting the returned loans from Future Builders and releasing the assets of the National Fund. The best early action is often personal. We recommend tax incentives to encourage peer support.

Holding feet to the fire To judge, to cajole and to hold to account we recommend a champion within government, an independent Futures Commissioner and, because we need leadership from the ground up as well as from the top down, a new national conversation.

Pushing on The original programme of the Task Force is completed with this publication, but the work has only just begun. The network that has emerged over the last 18 months with the Task Force at the centre will be driving a new three-year programme, taking forward these ideas and telling the story.

Improving Health in Birmingham

Be Active is a scheme offering free swimming, exercise classes or gym use, and some community activities to all Birmingham residents. It aims to tackle health inequalities and associated deprivation; a recent cost benefit analysis found that on average every £1 invested in Be Active generates £21.30 in benefits.

The scheme allows people to use council-run facilities for free during off-peak times, and is mostly funded by the local NHS, with the city council contributing 15% of the cost. In 2011/12 there were 1615 hours of free activities per week.

It has about 300,000 registered users (one third of the population), and 140,000 active users per year. Evaluations show it has increased the number of physically active adults since its introduction.

The programme costs £22.0 million over five years, and the analysis suggested the benefits generated by Be Active exceed its cost by £445.2 million. Most of this is improvement in the participants' quality of life (£377.2 million), with the rest split between 'cash savings' (mostly to the local Health Authority) of £28.7 million and cost savings and productivity gains to the public and private sector of £39.2 million.

These benefits accrue mostly to the local health authority, reflecting their contribution to funding the programme. However the impact is long-term, with most benefits occurring after the first five years.

www.birmingham.gov.uk/beactive

Sources: Marsh, Bertranou and Samanta (2011)

The Six Blocks to early action

IN THE TRIPLE DIVIDEND we discussed the large number of government reports published over the last 20 years which have talked about the importance of early action. The case has often been well evidenced and warmly endorsed by the sponsoring ministers but then little or nothing happens. The well-received Wanless reports (2002 and 2004), for instance, strongly advocated for the extension of preventative services, but even at the time Derek Wanless cautioned *'it is striking how much had been written often covering similar ground and apparently sound … but rigorous implementation of identified solutions has often been sadly lacking … If we are going to capitalise on the growing cross-party support for early action, we must first recognise and tackle the barriers, align the incentives and, first and foremost, we must win hearts and minds throughout Whitehall, local government, public services and wider civil society.'* (Wanless, 2004).

How right he was. Recent National Audit Office reports into programmes as diverse as tackling health inequalities (2010a), developing renewable energy technologies (2010b), and preventing youth offending (2010c) have all noted how problems with implementation systems and little or no collaboration have resulted, at best, in a prolonged delay between the setting of the aspiration and the delivery of an invariably disappointing outcome. Sometimes the aspiration is lost altogether.

'It is not enough to restate a bold objective or to announce an additional programme with ambitious goals but not much money. Both will at best disappoint, at worst, divert attention from the real issues'

It is these lessons from the recent past that constrained our enthusiasm earlier this year for the Social Justice Strategy (DWP, 2012). To the extent that it stressed the importance of prevention and early action we support the intentions but intentions alone are plainly insufficient. We must learn from the history and grip the challenges to successful implementation which have crushed hopes in the past with depressing consistency.

It is not enough to restate a bold objective or to announce an additional programme with ambitious goals but not much money. Both will at best disappoint, at worst, divert attention from the real issues.

There is a need to spend more on earlier action, both in absolute terms and as a proportion of budget. We suggest on page 31 where this money might come from.

And there is a need to spend more effectively. We suggest how this might be achieved.

We need an environment in which an early-action approach can flourish and take root. This is about the big budgets and the big programmes, about how we work together, learn from one another and plan for the long term, how we allocate money and account for spending and how we cut out short-sighted planning and commissioning, instead supporting and incentivising cost- effective forward thinking.

We have been discussing our *Triple Dividend* recommendations with senior policy makers and analysts in the Treasury, the Department of Work and Pensions and the National Audit Office, several local authorities, the devolved administrations and other agencies and departments. We are grateful to all who have contributed to the development of our work and, although they may well not agree with some or all of our conclusions, we hope that they find them helpful.

Here we gather the learning and recommend next steps around the **SIX BLOCKS – the big obstacles that have thwarted progress** in the past and threaten it today.

1. **We think and plan for the short-term, particularly in government**
2. **We work in silos across the public sector**
3. **We can't afford the critical shift to earlier action**
4. **We don't really know what works on the ground**
5. **We don't have the skills to work differently**
6. **We lack the leadership and accountability structures to carry through the changes we need.**

Block 1 We think and plan for the short-term, particularly in government.

THE MINISTRY OF JUSTICE does *'not propose to devote these limited public funds to less important cases on the basis that they could indirectly lead to more serious consequences for that person'* said Lord McNally, Justice Minister in the House of Lords, as he piloted the Legal Aid Bill through the House earlier this year.

'Let's not waste money on minor problems when we could spend more once they've become extremely serious' doesn't sound like a promising mantra by which to reduce public spending, and is the antithesis of early action, but is the default option for a department forced to make short-term spending cuts with little room for manoeuvre. Meeting this year's budget target is the only target (and is well-rewarded), irrespective of the impact on your own, or others' budgets in years to come.

The development of early action is held back by a strong set of disincentives embedded within public spending structures. Reforming these will transform early action from being the preserve of a few bold leaders with the vision to see beyond these disincentives and the bullishness to push through them, to the everyday norm for managers at every level.

> This is not about making the next Spending Review an early-action review. It is about every Spending Review

The Treasury seeks to achieve 'sustainable public finances' and 'intergenerational fairness' through the fiscal framework, but its own rules and planning horizons direct attention to the next three years, and dictate a particularly ruthless focus on achieving savings in the immediate future rather than on managing taxpayers' money in ways that deliver best value over the longer term. Approaches that invest in individuals and communities and that yield savings over time are consistently pushed to the margins.

The three-year Spending Review (SR) is the starting point for this thinking and imposes a tyranny of short-term thinking both wherever public money is spent and, by influence, rippling out beyond its bailiwick. We believe it must change. This is not about making the next Spending Review an early-action review. It is about every Spending Review embedding proper consideration of long-term implications in *every* decision. We propose a ten-year cycle.

Capital investment was once similarly discouraged until separate ring-fenced capital budgets were introduced, insulating long-term investment from the effect of short-term priority changes. We recommend a similar approach for the treatment of early-action spending.

Across government and beyond, a Ten Year Test should be widely applied to keep minds firmly focussed on the future.

All this needs more information both on the costs and savings associated with early action spending, and on the liabilities which would be incurred if this approach is *not* pursued. We suggest how the analysis, and the base line for financial planning, should be developed as a matter of urgency.

These are ambitious ideas. We suggest that a Commission might be usefully established to help support their implementation.

The Ten Year Test

A Ten Year Test, embedded within the budgeting framework and used more widely, would consider whether decisions taken now will come back to haunt us in the future. Of course, spending plans have to work now, meeting immediate needs, many of them acute. The Ten Year Test would recognise this imperative but also ensure that we identify and reject those 'quick win' policies which seem too good to be true, because they are. It would allow Ministers and officials with good intentions to fulfil them, and exposes those who can't see beyond next year, asking 'How will this policy, this provision, improve lives? Will it reduce need or warehouse it storing up problems for our children? How will this investment reduce future liabilities?' If the budget line fails the test, further work is required. Departments will no longer be encouraged to turn a blind eye to the future consequences of their decisions.

Some possible components of a Ten Year Test

The Ten Year Test of central and local government's economic, social and spending plans - and indeed of any organisations plans inside or outside government – would seek to ensure that they not only meet the immediate priorities of the next three years but also look ahead ensuring, for instance:

Where it is possible to foresee future liabilities that cannot be afforded beyond the immediate planning period, action is taken now to reduce them rather than allowing them to continue to build up.

Where action is being taken that will cause damage to the environment or society in the medium to long-term, plans are put in place now to reduce that damage or stop the action from occurring.

Investment is made in the future, as well as in the present, so that society as a whole can benefit in the years beyond the immediate planning period from increased growth, better health, a cleaner environment and social cohesion.

Short-term cuts which might balance the books in the next three years but will actually create additional costs in the years beyond are avoided.

Likewise, no cuts are made which may appear to generate a saving in one part of central or local government or in its agencies but will generate higher costs in another part of government in future years.

Changes are resisted where the spending cut may produce short term savings but also reduce the capacity of adults and their children to live healthy, happy and productive lives outside of the immediate planning period.

OUR ADVICE **Government should commit to the 'Ten Year Test' and apply it to all future spending reviews and to subsequent planning.**

Ten Year Spending Plans reviewed every two to three years

The last Spending Review framework document, published in 2010 ahead of the Review itself, said it would *'Look beyond near-term pressures to support reforms that better position the UK for meeting long-term demographic, economic, environmental and social challenges, any of which could imperil long-term fiscal stability if left unaddressed.'* (HM Treasury, 2010)

The Treasury's Consolidated Budgeting Guidance sets out the objectives of the fiscal framework: to *'ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy.'* (HM Treasury, 2012)

Consolidated Budgeting Guidance from 2012-13, HM Treasury, March 2012

The Purpose of public expenditure control

1.1 The budgeting system has two main objectives:

- To support the achievement of macro-economic stability by ensuring that public expenditure is controlled in support of the government's fiscal framework; and
- To provide good incentives for departments to manage spending well so as to provide high quality public services that offer value for money to the tax-payer.

The Fiscal Framework

1.3 The government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

The Framework introduces into public finances the important idea of 'intergenerational fairness'. In theory it forces us to consider whether we can simply park a problem and deal with it later for a similar cost, or whether the price rises disproportionately from generation to generation or even from year to year. We know, for instance, that there is an established impact of being unemployed for a year or more, and that this individual 'liability' on the public balance sheet increases disproportionately with the passage of time. Youth unemployment in 2012 alone is estimated to have a net present value cost to the Treasury of £28 billion over the coming decade. Such figures must be factored into budgeting and planning for the kind of fundamental reform of education, training and career support services for the half of young people who do not go to university.

One government official noted privately to the Task Force earlier this year that *'the markets don't judge us sufficiently on future liabilities'*. Consideration is given in some areas, on pensions and aging for instance, but wider scrutiny might benefit us all.

In practise, the three-year time frame fatally undermines the objectives of the Fiscal Framework. The Spending Review, to a very large extent, sets the parameters and offers insufficient incentive to take a longer view. We considered suggesting that the next Spending Review should be framed as an 'early action Review', with a basket of sticks and carrots to encourage a new approach. We concluded however that whilst the review process focuses on a three-year outlook it will always be more a part of the problem than the answer.

We know, for instance, how many 12- and 13-year-olds are likely to leave school without basic skills in four or five years time and we know the price of that. We know also the cost of reading recovery programmes and the percentage that succeed. A society that applied even a five-year perspective to its public finances would be investing more in literacy work with school age children. In reality, spending on literary support has always been limited and is falling fast, incurring an imminent liability, reducing the nation's capacity for economic growth, and so contributing to increasing, not decreasing, the national debt. This might help to balance the books in a tight three-year cycle but it is exactly how not to 'ensure sustainable public finances'.

We need a new approach, focused on the longer term. There is a precedent for such a reform. Government moved from one-year to three-year spending plans at the end of the 1990s, reviewing three-year plans every two years, with the final year becoming the first year of the next three-year plan. At the same time, the government began, through Public Service Agreements, to set longer-term objectives and targets for spending, many of them well beyond the three-year planning horizon. Some crossed departmental boundaries.

To some extent every government takes decisions in the short run which have major implications beyond the electoral horizon, for instance on pensions, social care and educational qualifications. Indeed, Ministers couldn't do the job if they didn't. Even three-year spending plans often go beyond elections – although an incoming government may change them. **However, there is a radical difference between introducing new policies that may have long-term implications, and consistently being forced to publish estimates of the consequences over a ten-year period of existing policies.** This would force the current government to be held to account for the longer term consequences of its decisions and encourage longer term thinking across political boundaries. Such a change would not require legislation because longer term plans would not be binding. However, we do propose a one-off cross-party Commission to help build consensus about the key areas where early action is needed, and to help with the reorientation of thinking and planning. (See page 21)

The Case for …investing in reading and writing

- Low literacy stops people achieving their potential and costs the country up to £2.5bn every year.
- With the right resource we know we can teach anyone to read and write.
- Even the more expensive interventions during childhood, like the intensive Reading Recovery programme, cost less far less than dealing with the consequences of low literacy in adulthood.
- Yet 14% of 11-year-olds struggle with reading, and 25% cannot write as well as they should

It's time to decide: spend now on teaching every child to read and write, or pay the price in the future

Sources: Jama and Dugdale (2012), Every Child a Chance Trust (2009), Policy Exchange (2009), Kitchen et al (2012)

Clearly, changing pressures and events, not least elections, will require a regular review of any plan – so plans would continue to be reviewed every two or three years – but that does not prevent many organisations from taking a longer-term view. We therefore propose a new format for Spending Reviews, to include:

- **Ten year spending plans to be set**, and to be reviewed every two to three years so allowing for change, particularly changes in governments. The first two years will normally be 'set in stone' to allow for firm planning in the immediate future; these plans would be subject to the Ten Year Test described above;
- **Ten year goals and targets to be established** at the same time, with milestones for achieving these longer-term goals set in the first three to five years and captured in Early Action Transition Plans
- **Better information** and changes in the spending rules to support this longer-term perspective, as further explored on page 35.

OUR ADVICE **Ten Year Spending Plans reviewed in the Spending Reviews every two to three years, should be linked explicitly to the existing goal of the Fiscal Framework 'to ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness and ensure the effectiveness of wider government policy.' These would be subject to the Ten Year Test, with the current government being held to account for the long-term consequence of short-term decisions. Goals, targets and short-term milestones for achieving change over the longer term will help promote longer term thinking.**

A one-off cross-party Commission should be established to build consensus around the longer term goals.

Treating early action as investment

Early action spending is not generally recognised as a form of investment, reducing costs downstream and creating assets which promote growth and social well-being. This discourages development and makes such funds especially vulnerable to 'raids' for the purposes of responding to short-term pressures. We think early action should be treated as a form of capital investment, as apparently argued recently by Nobel prize winning economist Paul Krugman (2012), *'we need a broad definition of capital – expenditures on education and expenditures on public health are capital as well although they may not be the tough stuff that you can kick.'*

Much early-action spending will create long-term savings to the Exchequer, so securing 'sustainable public finances'. Most early-action investment also builds future social and intellectual assets – a lot of the education budget, for instance, falls into this category. Thus decisions on whether to invest in such action should not only be driven by its potential to realise future savings, although this will often be the result, but also by its capacity for developing future assets In short, budgetary rules should be revised to reflect the ambition of the Fiscal Framework and treat early action as a form of investment.

The changes in the public expenditure system at the end of the 1990s provide a precedent for this kind of fundamental reform, designed to create better incentives to achieve wider fiscal goals. The separation of capital expenditure from resource expenditure helped to correct disincentives toward capital investment. The creation of Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME) defended public services from unnecessary cuts, caused by purely cyclical fluctuations in welfare and other spending.

Capital spending was also protected from raiding to fund current expenditure. Departments can move spending from current to capital budgets but not vice versa. Within current spending (Resource DEL), some budgets are also 'ring-fenced' to protect them from being used for other purposes.

We propose that early-action spending is protected in a similar way to capital investment, either by being placed in that capital budget or by being ring-fenced within Resource DEL. This would ensure that acute spending could be shifted into the early action budget but the budget itself could not be eroded to fund short-term pressures.

Clearly, a robust definition of early action is needed to support these new spending rules; otherwise they would be open to abuse. We know this is very difficult, but even a flawed definition *consistently applied* would be a step forward. Protection might initially be given only where such robust definitions were in place, for example, on health expenditure where there are international definitions of public health and acute spending. Over time, as better information becomes available via the Office of National Statistics, (see page 35), the protection could be extended.

OUR ADVICE From 2013/14 the Treasury should revise its budgetary rules to treat early action spending as a form of investment and to protect funds earmarked for this purpose from being diverted into spending on acute action, whilst allowing the transfer of funds from acute spending to early action where this is possible.

Developing the information we need to change spending priorities

Public policy is shaped by what can be counted. In *The Triple Dividend* we described the process which led to the significant increase in preventative spend in Scotland. Influential evidence cited by Scotland's Futures Forum showed that as much as 40% to 45% of government spending was 'negative' – short-term spending to address pre-existing social problems (Scottish Parliament Finance Committee, 2011).

We have referenced this many times in local and national conversations over the last eight months and noted three things. First, how little is currently understood about the balance of spending across the spectrum from preventative to acute services. Most officials, many managing large and sophisticated budgets, won't even hazard a guess about the balance in their own service. Second, how many are struck by this gap in their knowledge realising that, no matter how certain the destination you can't plan a route without knowing where you're starting from. Third, without robust information, rhetoric can overtake reality, as vocal and probably genuine enthusiasm for early action, or the lure of one particularly high-profile project, cloaks a meagre or nonexistent shift in resource (often even a slide in the wrong direction).

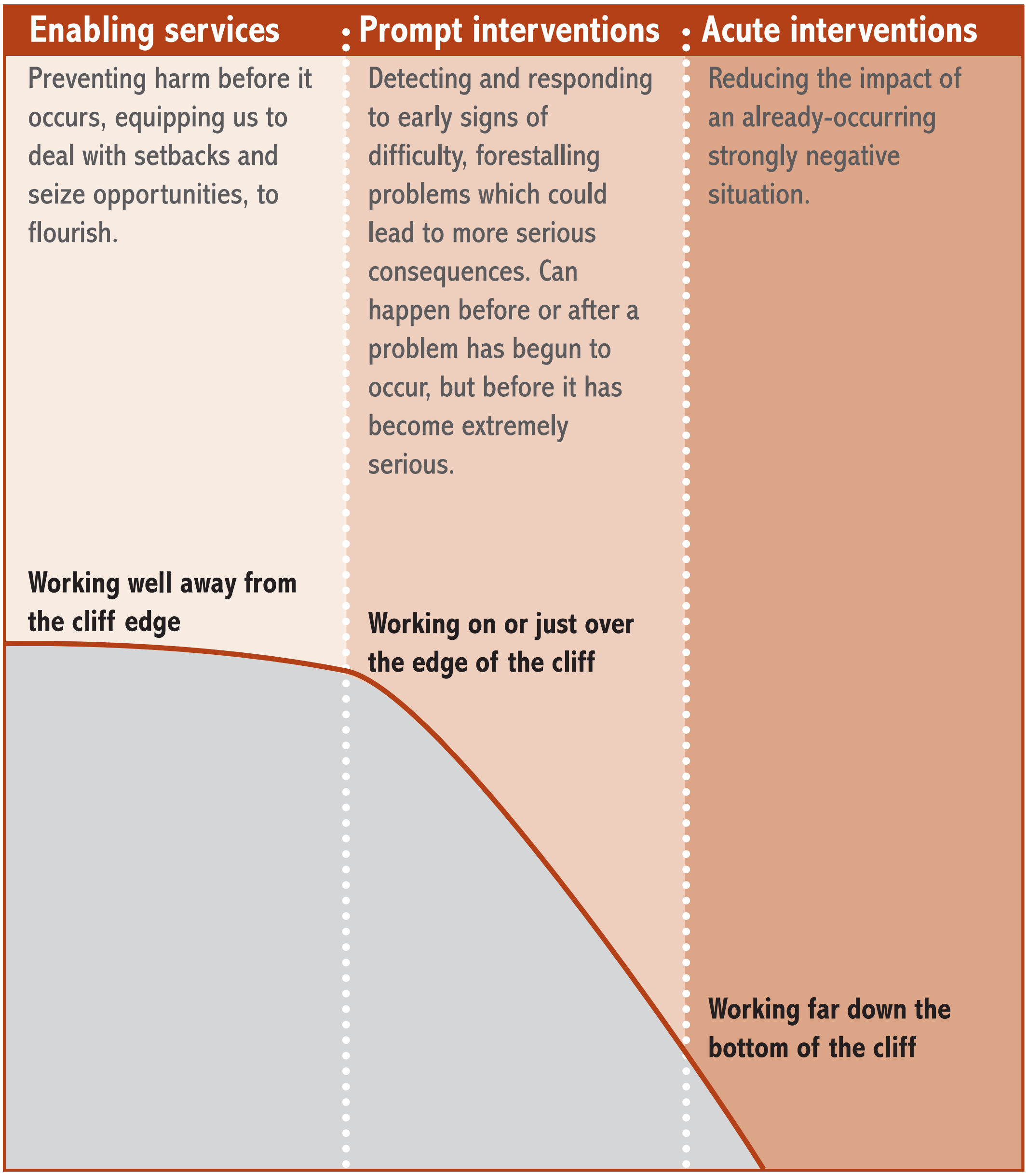
This is the case in town halls, police and health authorities across the country as much as in Whitehall. Even charities, those among the most enthusiastic cheerleaders for early action, often struggle to identify how early their money is spent.

Ten-Year Spending Plans and the Ten-Year Test (applied not just in Whitehall but across the sectors) are only viable if we are able to fill these gaps in our knowledge. Similarly, without this kind of information the treatment of early action spending as an investment will be largely pointless.

In a short paper, published separately, the Task Force collated examples of where spending has been classified on some form of prevention spectrum in the past. It didn't take us long, because we could only find three. The OECD's (2011) system for classifying health expenditure includes a 'prevention' category and the NSPCC (2011) have published a report looking at how children's social care spending breaks down (75% 'protective' and 25% 'preventative'). The youth justice board spent 7% of its funding on prevention in 2010 (Home Affairs Committee, 2010) and the amount has decreased since (Youth Justice Board, 2011). All used different definitions of prevention, making it extremely difficult to draw wider conclusions. There are no doubt some other studies within certain fields, but it is clear there is no coherent, shared methodology or approach, and little wider recognition for the work.

The Task Force has begun work on developing a system ourselves. We recommend that this work be taken forward by an independent body like the Office for National Statistics, and developed into a mature framework under which debates about early action spending can be meaningfully conducted. We have published a short paper exploring some of the issues and suggesting a set of definitions to form the basis of a system. (www.community-links.org/earlyaction)

We compared various definitions of prevention and early action, and combined these with the language introduced in *The Triple Dividend* to arrive at three categories, where enabling



services and prompt interventions fall under the definition of early action, while acute interventions are late and second best.

We used Treasury spending data to arrive at a first estimate of public sector spending on early action. Using the Treasury's PESA data we classified each 'sub-function' as one of three categories: early (enabling or prompt), acute or 'other' and came to the following proportions:

Early	Other	Acute
20%	40%	40%
Preventing harm before it occurs, or responding to the first signs of trouble	Spending which doesn't obviously lie on an early/late spectrum such as defence or pensions	Reducing the impact of a negative situation

These classifications are very much a first attempt, and are presented in order to stimulate debate rather than indicate robust figures. The separate report includes our full breakdown.

We had planned to analyse these sub-functions further, based on third-party research within particular budgets, but the paucity of previous work in this area, and the difficulty of reconciling sub-functions with departmental budgets, means this task needs to be done by experts. With unprecedented amounts of data on government spending now freely available, classification is the only technical challenge remaining.

We also tested the system on Community Links' own budget, finding it a valid and useful tool, not just for analysing a budget but also for informing wider strategic planning.

The Case for …investing in mental health

- Mental ill health accounts for 23% of all illness in the UK
- The economic and social costs are estimated at £105bn each year for England alone, and rising rapidly.
- A wide range of programmes have been proven to improve mental health and save money, often within a fairly short time.
- Yet only 4% of the health budget is spent on prevention, and an even smaller proportion specifically on mental health.

It's time to decide: ward off mental health problems early, or deal with the consequences later on.

Sources: Centre for Economic Performance (2012), Centre for Mental Health (2010) Knapp et al (2011), Butterfield et al (2009)

OUR ADVICE **The Office for National Statistics should develop a method of classifying public spending along an early-late axis.** This should begin in time to form part of the next Spending Review and become integral to analysis of government spending.

ACTION UNDERWAY **The Task force is seeking funding to produce guidance for charities and also, separately, for funders, on undertaking an early action audit of their own organisation** and to provide support in the process of undertaking it.

ACTION UNDERWAY **The Task Force is working with the Local Government Information Unit to develop and promote a toolkit for local authorities** so that councils can analyse their own budgets consistently, to inform strategy, track changes, and facilitate comparison. This will be complete by September 2013 in order to feed into Councils' 2014 budget planning process.

To complete the full financial picture we need to know not only what we spend where, but also understand the long term consequences of spending on these services and not on alternatives.

There is strikingly little analysis of the cost to the economy of preventable social problems; what little exists is not taken very seriously. For example, the Social Justice Policy Group (2007) have estimated (albeit with plenty of caveats) that **'social breakdown' costs the economy £100bn a year**, equivalent to 14% of annual public sector spending or 7% of GDP. Barclays Wealth and New Philanthropy Capital (2011) found figures of similar magnitude when they looked in detail at just three areas, chaotic families (£12bn per year), children with conduct disorders (£51bn), and mental health problems which lead to employment difficulties (£45bn).

There is an insatiable media thirst for exposing 'public sector waste' – every £500 of spending is now open to scrutiny. And yet this £100bn waste – socially destructive as well as economically profligate – is largely ignored in favour of hunting down the first-class flight or the expensive biscuits. Perhaps it's too large to comprehend, or thought too complicated to grasp or maybe the figures just aren't robust enough to be credible.

An independent body providing authoritative estimates of the costs of acting too late, and of the assets that could be created through an early-action programme, would significantly strengthen the hand of an early-action minister or manager.

> There is strikingly little analysis of the cost to the economy of preventable social problems; what little exists is not taken very seriously

The Office of Budget Responsibility is already required to produce an analysis of the sustainability of public finances once a year. The Fiscal Sustainability Report looks at the long-term impact of government policies on debt, taking into account trends in revenue. The last report (OBR, 2012) considered the impact of an ageing population and related health, social care and pension costs and already noted a major problem with sustainability.

We recommend it widen this inquiry to take into account the likely trend of spending and future liabilities of all of government policies, from the environment and health to social justice. This would provide vital information for future spending reviews; and could be the basis for setting short to medium-term goals to tackle these issues and for developing plans for delivering them. Initially, the analysis may be incomplete but this is no reason to delay embarking on the task as soon as possible.

OUR ADVICE **The Office of Budget Responsibility should begin isolating the economic impact of failed social policies in the Fiscal Stainability report,** robustly capturing the cost we're paying for acting too late and the benefits we could accrue from acting now. This analysis should be integral to the next Spending Review, and thereafter.

The Fiscal Sustainability Report: what it said in 2012

'In the *Fiscal Sustainability Report* we look beyond the medium-term forecast horizon of our twice-yearly *Economic and fiscal outlooks* and ask whether the UK's public finances are likely to be sustainable over the longer term.

'In doing so our approach is twofold:

- first, we look at the fiscal impact of past government activity, as reflected in the assets and liabilities on the public sector's balance sheet; and
- second, we look at the potential fiscal impact of future government activity, by making 50-year projections of all public spending, revenues and significant financial transactions, such as government loans to students.

'These projections suggest that the public finances are likely to come under pressure over the longer term, primarily as a result of an ageing population. Under our definition of unchanged policy, the government would end up having to spend more as a share of national income on age-related items such as pensions and health care. But the same demographic trends would leave government revenues roughly stable as a share of national income.

'In the absence of offsetting tax increases or spending cuts this would widen budget deficits over time and eventually put public sector net debt on an unsustainable upward trajectory. It is likely that such a path would lead to lower long-term economic growth and higher interest rates, exacerbating the fiscal problem. The UK, it should be said, is far from unique in facing such pressures.'

Fiscal Sustainability Report, July 2012,
Office of Budget Responsibility

A Transition Commission

These recommendations would have profound implications across government and beyond. The Treasury can begin to move in this direction now as plans are formulated for the next spending review but further thought is needed to inform future spending reviews. We suggest a cross party 'Transition Commission' to consider how best to meet the Ten Year Test, to plot the direction of travel and to develop the tools that that will be needed on the journey.

In his Labour party conference speech (1 October 2012) Shadow Chancellor Ed Balls indicated that though politically ambitious this is not wholly impossible. He promised that an incoming Labour government would *'do things differently'*, which would include *'not slashing budgets without a care in the world … but assessing every pound of taxpayer's money, including for its impact on growth and fairness … Not opting for short-term cuts that look 'easy' but which end up costing more in the long-term – like deep cuts to youth services, to adult mental health services and to public health'* He expressed the hope that it wouldn't involve *'ducking the hard long-term issues we know we haven't properly faced up to and which transcend parties and parliaments and where we badly need a cross-party consensus'*. He continued by proposing *'… a long-term plan to support the most vulnerable in our society – looked-after children and adults needing social care'*. The underlying rationale to the approach, says the shadow chancellor, *'is not just about policy, but about the kind of country we want to be and the way we do our politics'*. (Balls, 2012)

> 'Historically, the Treasury has held a leadership role in government … and is the right department to lead a fundamental and long-term shift in attitude and performance'

OUR ADVICE **A cross party 'transition commission' should be established to consider in depth the tools that will be needed for transition to planning and budgeting on a longer time frame.**

Historically, the Treasury has held a leadership role in government. It has an explicit responsibility for the nation's progress and is the right department to lead a fundamental and long-term shift in attitude and performance across government. Ten Year Spending Plans, buttressed by the Ten Year Test, new spending rules for early action spending and rapid development of the knowledge base, would deliver the tools for the job. Development of these ideas should begin immediately, but be strengthened over time by the work of a new commission.

Reducing school exclusions

A four year Cambridgeshire scheme to reduce school exclusions was so successful that five of the six Pupil Referral Units (where excluded students are usually educated) closed, after referrals dropped from 650 in 2007 to 120 in 2012. The project's success attracted the attention of the Department of Education, who are now piloting the approach in 300 schools in eleven local authority areas. The scheme illustrates the powerful impact of a simple shift in incentives.

When a school excludes a student it also hands over responsibility for their education to the Local Authority, who arranges alternate provision. Since post-exclusion the school is not accountable for their performance, there is an incentive for school managers to exclude students who are causing problems or not attaining, rather than devote extra resource to supporting them.

Under the model pioneered in Cambridgeshire, schools assume responsibility for their students even after exclusion. This means the students' results are still reflected in the school's performance, and the school assumes financial responsibility for their continued education.

The local authority budget used for such students is distributed amongst the schools, who work together in local 'inclusion partnerships' so that students who are really struggling in one school can be offered a fresh start in another. The incentive for the school is now to deal with students' issues in the best way possible, particularly through investment in services (for example specialist support programmes) based within the school before the student is excluded, rather than pay for costly alternative provision externally.

Sources: Lightfoot (2012) and DoE (2012a)

Block 2 We work in silos across the public sector

WITHIN DELIVERY AGENCIES, including local authorities, government departments, local police and health authorities, the short-term approach that has hamstrung financial management is also an issue, but even more serious are the constraints imposed by the separation and silos between services or departments, each with disparate priorities, carefully preserving their own budget. We suggest a series of ideas to realign these incentives in the short term, as a prelude to a thorough redesign of the local delivery of services for public benefit.

Cambridgeshire Council have shown the potential (Lightfoot, 2012). They devolved the school exclusion budget to individual schools. Over four years they were able to close five out of six Pupil Referral Units, because the number of excluded students dropped from 650 to 120. This demonstrates the potential for simple measures which better align incentives – in this case making schools responsible for the students they exclude. It's clear that across policy areas, managerial and spending silos (for example between the NHS and council social care departments) are one of the most substantial barriers to early action.

Projects like this School Exclusion Trial or the Youth Justice Reinvestment initiative (where councils are given extra money provided they reduce youth custody rates) show that realigning incentives in both funding and performance can have a dramatic impact.

In some areas there are formal mechanisms in place to allow shared funding but these are relatively unusual and small-scale. For example, Section 256 agreements (of the NHS Act 2006) allow Primary Care Trusts to reallocate funding to local authorities for jointly-delivered services, and Section 75 allows pooled funding for 'health-related' functions. (DCLG, 2010). (Similarly, Section 10 of the Children's Act 2004 allows a range of bodies including local authorities, PCTs, police authorities, schools, Jobcentre Plus and others to reallocate funding between themselves via a pooled fund).

The Case for
…investing in keeping children in school

- Pupils excluded from school get fewer qualifications, suffer more mental health problems, and are more likely to end up homeless, be victim of crime or go to prison
- The lifetime cost of a permanent exclusion is estimated at £64,000
- There are well-proven early intervention programmes that prevent the need for exclusion (and as indication of success, rates have been dropping for 15 years)
- But almost 6,000 students are permanently excluded each year, and over 300,000 banished for a fixed period.

It's time to decide: invest in keeping every child learning and in school, or pay the price in later life.

Sources: DoE (2012b), Eastman (2011)

The Case for
…reducing demand for adult social care

- Ballooning demand for adult social care is putting unsustainable pressure on local authority finances – many predict they will be able to afford little else in 10 year's time
- Acting earlier, for example through home-based care and reablement services – can dramatically reduce acute demand
- It works even better when the NHS and local authorities pool budgets and expertise
- Yet only 4% of their budgets is spent jointly, and early action work is still patchy and often superficial.

It's time to decide: reduce the need for acute adult social care, or wait for councils to run out of money in ten year's time.

Sources: Thraves et al (2012), Audit Commission (2009)

However, in 2009 the Audit Commission estimated £4bn was spent on jointly-delivered services in adult social care – just 3.4% of the total budget for both.

A central cross-cutting Early Action Fund or Funds

Many early action initiatives require transfers of funds across budgets: additional funding in one department, for example, may have to be funded by savings in another. Even if funds can be redirected from areas which are poor value for money, getting co-operation for these transfers across institutional boundaries can be both difficult and very time consuming.

For this reason, we propose that a specific Early Action Fund or Funds should be created to promote cross-cutting early action goals. These would be managed cross-departmentally, by the Treasury or the Cabinet Office. A priority might be Social Justice, where the government has already established a cross-cutting strategy and committee to help it achieve its broad objectives. It would benefit from access to funds which straddle organisational boundaries.

To achieve joint objectives, Departments or statutory bodies with an interest might all contribute a small proportion of their total expenditure through 'top-slicing'. An Early Action Fund could also be partly funded by a 'polluter pays tax' and responsibility charges, both of which are explored on page 25. A commitment might also be made by the government to give back to the fund a proportion of any savings which result in wider budgets from the investment of the Early Action Fund.

Any Treasury Early Action Fund could also be charged with developing and sharing expertise on commissioning, procurement and evaluation.

OUR ADVICE **Government should invest in a cross-cutting Early Action Fund or Funds to incentise the development of early action which crosses institutional and budget boundaries.**

One such fund might have a specific remit to support the Social Justice strategy. The Treasury or Cabinet Office might also hold a central fund for new early action ideas. This could also be charged with, or located alongside, responsibility for developing and sharing expertise on commissioning, procurement and evaluation.

Social Profit Sharing

As shadow crime prevention minister Stella Creasy has said, *'absolutely everything should be on the table in the next spending review, and the onus should be not just on the government, but the public, the private sector and the third sector to say where we could work together. We don't need just to switch spending, we need to pool spending'.* (Wintour, 2012)

This kind of collaboration could be encouraged through a process of 'social profit' sharing. Investment in improving domiciliary care for instance, may reduce NHS costs, but be paid for by the local authority. The savings will exceed the costs but will not be shared by the council. With social profit sharing, departments or organisations jointly funding an initiative could receive an agreed return on any savings which are achieved in the budget of the other, depending on the level of their contribution to the delivery of those goals. Shares could be determined in advance.

OUR ADVICE **Government should develop a system of Social Profit Sharing across institutional barriers, again possibly starting with the Social Justice Strategy.**

Responsibility Charging

Rigid budget boundaries are not only an inefficient way of spending they can also actively contribute to higher costs. In *The Triple Dividend* we noted that 42% of the capacity of legal advice agencies in Nottingham was taken up with work generated by mistakes or 'systems failure' in organisations like the Department for Work and Pensions. This meant that the money directed to advice agencies from, for example, the Legal Aid budget or Local Authority contracts is used to pay for errors in other departments.

Because budgets are fragmented, departments are often unaware of the costs they are creating in other parts of government or elsewhere. Government's role should not be confined to funding early solutions but also to identifying the points where it contributes to the problem. We suggested in *The Triple Dividend* a mechanism that records these mistakes, feeds them back to their source and creates an incentive to correct them. Such 'Responsibility Charges' would effectively require government agencies to pay for clearing up their own mistakes. They might be levied on, for instance, a local authority that fails to enforce alcohol licensing laws preventing under-age drinking, or on a school using an excessive exclusion policy to enhance performance figures. Another area which could benefit from this approach might be around 'bed blocking' and the interface between social care and the NHS. Applying the 'polluter pays' principle across government would act as an economic incentive for the department creating the demand to address the causes or, if it didn't, release a new income stream for the resolution of those mistakes.

> 'Responsibility Charges' would effectively require government agencies to pay for clearing up their own mistakes

ACTION UNDERWAY **We have begun to explore Responsibility Charging with several agencies, local and national.**

There are precedents for applying the 'polluter pays' principle in other ways across government and we think there is mileage in Responsibility Charging.
We will be pursuing these ideas in the next year.

Early Action Premiums

An 'Early Action Premium' might be instituted for early action that would otherwise reduce income, for example, a GP who helps build a more healthy community and consequently sees fewer patients.

This might work like payment by results and Social Impact Bonds, with payments made from the cross-cutting Early Action Fund or Funds offering a range of incentives for commissioners to develop and to pay for cross cutting outcomes. Initial payments might be made for promising early action initiatives, with a final premium paid if the initiative achieves the full results. These payments might compensate for extra costs or for losses resulting from reduced demand.

The Case for …investing in crime prevention

- The direct cost of youth crime is estimated at £4bn a year
- We know why young people commit crime, and several successful programmes, such as the Youth Inclusion Programme, have shown how to prevent them doing it
- Yet the youth justice system spends 11 times as much imprisoning young people as it does on preventing crime, and the prevention budget is falling.

It's time to decide: work with young people before they commit crime, or leave them to get caught in a spiral with few ways out.

Sources: Youth Crime Commission (2012), Roe and Ashe (2008), Mackie et al (2008), CSJ (2012)

A related idea was proposed to us by Jonathan Todd who is advising Action for Children. He suggests that outcomes might be agreed between government and individual local authorities. If and when those outcomes are achieved the local authority would be allowed to increase business rates.

OUR ADVICE **Government should develop a system of Early Action Premiums operating across institutional barriers and providing rewards that are linked to outcomes.**

A Duty to Collaborate and a Right to Lead

It is arguable whether silo budgeting and misaligned incentives are the cause or the effect of professional boundaries and rigid bureaucratic structures. Either way the two are inextricably entwined. Just as the critical shift to earlier action requires the dismantling of the financial disincentives and rebuilding of systems for budgeting and accounting so too does it demand the whole system reform of services on the ground.

Ministers have talked about 'joining up' services for more than 15 years, but when the current Secretary of State, Eric Pickles, was asked at select committee last October who was previously responsible he replied, 'the minister of good intentions' and he wasn't wrong. We've had, or still have, Total Place, Community Budgets and Local Integrated Services but collaboration on any scale is still an aspiration in Westminster and little more than a handful of small scale 'pilots' on the ground.

'…projects that connect but don't transform replicate the problem they are struggling to address. We need whole system reform'

Knowing that the 15 professionals who fitfully intervene in your life occasionally email one another about it, or even share a budget line, isn't much consolation to the troubled parent who still feels desperately unsupported. Successive governments have tip-toed around institutional and professional fiefdoms, cultures and customs offering flimsy prizes for 'joining up' and occasional funds for another worker where the needs are most acute.

Policy makers and practitioners in the Netherlands talk about 'one family, one plan'. We need similar determination in the UK, with a policy focus on building smaller numbers of strong deep-value relationships (Bell and Smerdon 2010). Not so much joined up services but integrated services. The Troubled Families initiative may lead to this whole system approach in some communities but it shouldn't be confined to a specific cohort, albeit a particularly challenging one, or to particular local authorities. Three years ago, even last year, this may have been an unworldly aspiration but we sense today a greater willingness to at least consider alternative ways of working driven, perhaps by financial necessity. As one council manager told the Task Force 'one of the things that the cuts have done is force us all to the table'. Piecemeal 'solutions' and projects that connect but don't transform replicate the problem they are struggling to address. We need whole system reform.

We made the case in *The Triple Dividend* for a new Duty to Collaborate, and a matching Right to lead, arguing then that requiring councils to work with local partners would generate the changes that successive governments have sought and some leading authorities have made but many more have not.

OUR ADVICE **Establish a Duty to collaborate and with a matching Right to Lead.** This would require local authorities to demonstrate local progress on involving partners in the integration of budgets and in working together. Other local service providers would have the right to lead such collaboration and require the cooperation of the local authority if the council fails to step up.

As successive ministers have discovered, silos are deeply entrenched in large and complex organisations. Specialism is important and, of course, divisions are necessary but, as those ministers have also discovered, without 'joined up working' change will always be patchy, small-scale and limited. A serious shift towards a society that prevents problems from occurring rather than one that picks up the pieces, won't happen on any scale in this environment. We need sticks and carrots like Early Action Funds, Responsibility Charges, Early Action Premiums and the Minister for Good Intentions must stand up and be counted. Collaborating on this agenda and in this context is both a right and a duty.

Preventing youth offending

The Youth Justice Reinvestment Pathfinder Initiative is a pilot project in which the Youth Justice Board and the Ministry of Justice devolve extra funding from the central custody budget to some local authority Youth Offending Teams, for use in reducing the number of young people entering custody. The two year pilot is working with local authorities or consortia in four areas (east London, west London, Birmingham and West Yorkshire), and is run on a payment-by-results basis, whereby the funding is clawed back if the numbers entering custody have not fallen sufficiently. Prevention work is often difficult to undertake from within the youth justice system – devolving the funding and responsibility to local authorities should allow more effective, joined up, work.

The pilot began in Autumn 2011 and no official results have yet been published, although in their submission to the Justice Committee enquiry into youth justice the LGA said that 'initial feedback has been positive, with one area reporting a 7 per cent reduction in custody in the first quarter (figure not at time of writing endorsed by the Youth Justice Board).'

www.justice.gov.uk/youth-justice/reducing-re-offending

Sources: Blunt (2011), LGA (2012)

Block 3 We can't afford the critical shift to earlier action

IN OUR CONVERSATIONS WITH LEADERS ACROSS THE PUBLIC SECTOR, one obstacle has almost always topped the list. We can't afford to pay for a programme that doesn't respond to immediate need, whilst also maintaining the acute provision. It's not an option for a public service to abandon the most desperate so waiting for trouble and paying the price has become the standard operating model.

We suggest several responses to this challenge:

- **Shifting spending incrementally towards early action** **First**, we accept that a swift and radical switch of resources from acute services to preventative action may be impractical but a steady, incremental migration could be achieved with planned rebalancing
- **Releasing new funds** **Second**, we recommend ways of releasing new funding streams specifically to pay for the process of transition.
- **Using money differently** **Third**, by using money differently, and by drawing in new partners existing budgets can achieve the original objective and more. We suggest some possibilities.

Shifting spending incrementally towards early action

New rules are as likely to result in gaming as they are in transformation, unless the process is accompanied by an equal effort to win hearts and minds. The Ten Year Test is as much about shifting the mind set as it is about shifting the spending. *'Economics is the method'* Margaret Thatcher would famously assert *'the object is to change the soul'*. We are looking to embed a constant and consistent awareness of early action, an understanding that preventing a problem isn't always possible but where it is possible it is almost always preferable.

Early Action Transition Plans might capture this aspiration both across government or individual departments and in other organisations across the sectors. The Plans would look different in different contexts but would essentially set goals, track progress and drive ambition with annual reporting on agreed milestones. These might be expressed in terms of budget targets that would help to inform and to drive the spending reviews. For example, *'We spend 5% of our budget on prevention and early action. We aim to increase that proportion by 5% each year for the next three years.'*

The Case for …investing to prevent diabetes

- Diabetes costs the NHS £9.8bn a year and the country £23.7bn
- It affects 3.8m people; set to rise to 6.25m by 2035
- Yet 80% of the NHS spending goes on dealing with preventable complications of the disease and 90% of sufferers have Type II diabetes, which is closely associated with obesity and can be avoided through healthy eating and exercise.

It's time to decide: prevent people getting diabetes and getting serious complications, or 'bankrupt the NHS within a generation'?

Source: Hex et al (2012)

The targets should be linked to the delivery of specific outcomes. There are precedents in government for underpinning an ambitious aspiration with specific targets. Previous ministerial commitments to reducing child poverty and tackling global warming helped to shape policy and spending priorities whilst cutting across organisational boundaries; the Deputy Prime Minister's commitment to increasing social mobility with measures for demonstrating progress is a current example. Such a programme might ultimately lead, as has been suggested in Wales, to results-based accounting, where expenditure would be linked to the delivery of particular results or outcomes.

Targets can be revised, or ignored by subsequent administrations just as the coalition government has done with targets on poverty and global warming. This argues for securing cross-party support wherever possible, and on many aspects of the early action agenda we have found widespread agreement. Of course ministers can always unwind the decisions of their predecessors but if this was an argument against Early Action Transition Plans it would also be an argument against doing anything that is likely to last for more than a year or two, and that's no way to run a government.

Government Transition Plans should be shared with the Office for Budget Responsibility, who should agree the future implications for growth and spending.

Transition Plans are, in both senses of the word, a measured approach. The full impact will not be immediate, but imagine how different the UK would look today if the process had begun with targets of just 2% or 3% when, for instance, Derek Wanless published his first health service review in 2002, or when Tony Blair made his first speech as Prime minister in 1997 arguing that *'it is better to help a child at six than when they have become a criminal at sixteen … better to bring (a young teenager) back into education now than to wait for them to be unemployable in five years time'*. Better slow fix than no fix.

'preventing a problem isn't always possible, but where it is possible it is almost always preferable'

If we expect transparency and ambition from the public sector we should expect it also of others delivering services for the public good. It is becoming increasingly common for major funders to ask applicants for evidence of their environmental policies. This is driving awareness and behavioural change across the sector with a ripple effect well beyond. There is an opportunity to do something similar around earlier action. Grant makers have the opportunity, we might say the responsibility, to not just fund the transition but to help to drive it.

Public service commissioners, charitable trusts, the Big Lottery Fund and other investors might incentivise and sustain the critical shift in the independent sector by requiring such plans, and critically, supporting their development, and by establishing plans and milestones of their own. When a grant seeker asks for three-year funding to meet the needs at their door, the grant maker should offer five years – first to meet the need and then to reduce it. That or nothing.

OUR ADVICE **Government, funders and delivery agencies across the third sector should commit to the measured approach with Early Action Transition Plans systematically protecting and promoting early action.**

Government departments should act on the Budgeting Guidance for 2012/13 and commit to rebalancing expenditure with Early Action Transition Plans visibly charting progress and should work with the Office for Budget Responsibility on agreeing the future implications for growth and spending.

Third sector budgets should be systematically interrogated driving managers to similarly consider not just how do we meet this need but how do we reduce it. Such plans should be considered as essential to the well managed organisation as an equal opportunities policy or an annual audit.

Releasing new funds

As well as arguing that early action spending needs greater priority within the spending totals, we also need new funding streams to pay for the process of transition. This is even more than investing to save. It is investing to transform.

Taxing social pollution

Thus far we have suggested funding from independant sources, but the Scottish experience shows what might be achieved if taxation is also considered, particularly taxation of the 'social polluters' – industries that create social costs. The £500m which was committed in the 2012/13 budget to additional preventative spending in Scotland will be funded through a levy on large retailers of tobacco and alcohol. It has been estimated that the taxation revenue from alcohol sales in the UK as a whole covers only 14% of the costs imposed by the industry on the public purse. There would be natural justice as well as social and economic benefit from extracting a little more.

We recognise, of course, the sensitivities around taxation and, in the main, we have focused on recommendations which we have discussed widely and which often pose a fundamental challenge to custom and practice very deeply but largely eschew the politically contentious. It would be perverse, however, not to note that despite all that has happened over the last three years Britain in 2012 is a rich country. Striving to achieve 83% of the deficit reduction through cuts in spending, 17% through raising taxes (IFS, 2102) and most of that from VAT, the most regressive tax, is a choice. Similarly, not taxing more to spend more on tackling social problems earlier and so reducing future liabilities is a legitimate political choice but, importantly, it *is* a choice. Of all the possible targets for a higher contribution to the prevention of social problems, the social polluters may be the least contentious place to start.

OUR ADVICE **Government should raise additional funds through targeted taxation of social polluters to help pay for the development of early action.**

We will be developing this argument in discussions around the spending review and the 2015 election manifestos.

Tax incentives for peer support

Personal taxation also has a part to play. William Beveridge spoke about the importance of civil organisations and informal volunteering to do *'nothing in particular but whatever needed to be done at the moment.'* We know that some of the best early action arises from informal associational life, often one-to-one relationships. Governments have used the tax system to incentivise the giving of cash. We recommend that tax incentives should be considered for also, or even alternatively, encouraging and enabling peer support.

OUR ADVICE **Government should consider shifting the balance of tax incentives towards enabling peer support, rather than just cash giving.**

Dedicated Funds

The largest independent funder of the third sector, the Big Lottery Fund, spends £1.3m a day in England alone and recently commissioned an overview of the early action policy landscape from Task Force member New Philanthropy Capital. (Plimmer and van Poortvliet, 2012)

The Big Lottery Fund have have shown the way on the transition agenda, contributing to the Task Force as co-sponsors and active members and asking us to advise on embedding early action across their England portfolio, in what England director Dharmendra Kanani has described as a 'live lab' for the early action approach. Ambreen Shah's *Perspective from the Big Lottery Fund* shares some of this experience.

Other independent funders have been adopting an early action approach to their portfolio or to specific funds. Joe Randall and Matthew Smerdon's *Perspective from a Charitable Trust* explains how the Baring Foundation have been embedding the principles of early action in their new programme.

The Task Force has been encouraging and supporting these developments and suggesting to government that as it considers how best to support the voluntary sector, in this time of 'transition', it too should increasingly look to support early action approaches. For example, we have specifically proposed that the role and value of early action in advice services should inform the ongoing Cabinet Office review into the future of advice services, and should underpin the arrangements for distributing the forthcoming £40 million fund for advice services for 2013-2015. Priorities might include both the funding of projects that build readiness, that offer early stage advice or that tackle preventable demand.

OUR ADVICE **Government's third sector funding programmes should prioritise the early action approach.**

Currently and specifically we recommend that the role and value of early action in advice services should inform the ongoing Cabinet Office review into the future of advice services and should underpin arrangements for distributing the forthcoming £40 million fund.

An independent Case Maker's Fund

The Task Force has also been developing ideas for a dedicated fund, bringing together several independent grant-makers to sponsor, with grants and investment, a set of programmmes that would trial and demonstrate ways of bringing *The Triple Dividend* to life. Inspiring Scotland might be the role model. The Fund might be organised around an evolving set of challenges, each one designed to break down the departmental or organisational silos that hinder earlier action and to revolutionise the approach to a particular problem seeking to reduce or ultimately eliminate need over a sustained period. Funded projects would be practical and judged on results not ideas – we don't want a report, we want a change.

In 1900, mathematician David Hilbert issued 23 challenges or unsolved problems which inspired a generation of mathematicians and a great wave of new ideas. Nearly all his challenges were resolved. More recently the 'Grand Challenge' approach has been adopted and adapted in other fields – health care and global economics for example. What might be the equivalent Grand Challenges, whose resolution would sweep away barrriers to the preventative approach or generate bold new thinking?

ACTION UNDERWAY **We are discussing the idea of an early action fund with potential partners and consulting on the possibilty of shaping it around the 'Grand Challenge' approach.**

We hope to develop an independent Case Maker's Fund over the next 12 months.

Investing Futurebuilders returned loans in an early action Case Makers' Fund

The Futurebuilders fund opened in 2005 to provide loans and grants to third sector organisations. It closed in 2010. £28m has now been repaid and is being held by the Cabinet Office. We understand that a further £85m worth of loans are still outstanding amounting, potentially, to well over £100m. (Ainsworth, 2012a)

A spokeswoman for the Cabinet Office told Third Sector 28/8/12 that: *'Any returns from the Futurebuilders fund will be reinvested into building a bigger, stronger society. We will update further on our plans in due course.'*

This money has already been allocated for spending in the third sector. We suggest that the objectives would be well met by a grants and loan fund that supported earlier action projects in the third sector, improving lives today and reducing future liabilities.

OUR ADVICE **We are suggesting to ministers that the returned loans, or a significant proportion thereof, should be invested in a dedicated fund supporting the development of early action in the third sector.**

Releasing the assets of the National Fund for early action

We have suggested to the Attorney General that he should consider directing the assets of the National Fund into a Case Makers' Fund for supporting third sector projects or into the government's own Early Action Fund for the purposes of funding cross-departmental early action. The National Fund was set up with £500,000 in 1927 to pay off the National Debt. Since then its only payments have been administrative but significant, costing more than £0.5m last year alone. The assets now stand at £339m but still amount to only 0.03% of the national debt. The Attorney General is considering the possible release for the benefit of the nation. (Ainsworth 2012b). We suggest that using this unique public endowment to establish a National Early Action Fund would apply the funds for a charitable purpose, whilst also reducing the deficit. This would enable the trustees to fullfill the requirements of the founders, and it would be a timely initiative with universal benefit.

> "When a grant seeker asks for three-year funding to meet the needs at their door, the grant maker should offer five years – first to meet the need and then to reduce it. That or nothing"

ACTION UNDERWAY **We are working with partners on exploring the technical issues that would be involved in the release of the assets of the National Fund for the purpose of funding early action.**

We will be arguing the case for using this unique endowment to achieve the triple dividend – thriving lives, costing less and contributing more.

Using money differently

In addition to releasing new income streams, existing funds could be used to achieve more. Social Impact Bonds (SIBs) engage external investors in paying for transition, with government money only spent when the critical shift to earlier action has begun. The original Peterborough Prison SIB has just been joined by Essex County Council as the lone standard bearers thus far. It is much too early to predict how important the instrument will become, but Big Society Capital was launched this year, introducing significant new investment funds and it is likely that at least three more SIBs will be launched over the coming months. The Task Force does not think that social finance and instruments like the SIB are appropriate in every circumstance and such investment does not, as some politicians have occasionally suggested, replace public expenditure. We do, however, believe that it has a part to play, bigger than we have yet seen, in paying for transition-funding the earlier action, without either paying out twice or abandoning the most desperate.

In essence, the SIB applies the future saving to covering the costs of prevention. If the project is successful, the investor is rewarded for bearing the risk with a modest premium. If not, it is the investor, not the government, that loses money. The principle could be equally applied without the social investor but with government, health authorities or a local council using their own assets to act as their own investor just as some act as their own insurers. We know, for instance, that a targeted reading recovery programme with six-year-olds enables them to fully access the curriculum throughout their education; with career guidance and mentoring young teens significantly increase their readiness for work; and that day-centres and improved domiciliary services can reduce the time needed in hospital, particularly for older patients. Offsetting a future liability with investment now, funded from the future saving, isn't how ministers framed the July announcement about the new influenza immunisation programme for school children but savings will accrue and these will be bigger than the costs of the immunisation. Of course it is socially desirable, but it also makes good economic sense and the operating logic could be usefully applied in many other areas.

‘The ‘can't be done because it can't be afforded’ argument need not be a showstopper’

Government should invest in the expectation of future savings and is often better placed than social investors to bear the risk, but there can be a higher degree of risk involved in social programmes, such as in the reduction of reoffending than there is in immunisation. Hence the development of the social impact bond, where external investors are involved in sharing the risk but also, potentially, in sharing the return. However, we think there is enormous potential for more thoughtful financial planning around earlier action, where outcomes are predictable particularly, perhaps, for local authorities. Work on home insulation paid for from future fuel cost savings, for instance, has shown the potential here.

We believe that there is a precedent. The Treasury have agreed to ‘bank’ potential future savings on welfare benefit payments to fund the Work Programme. Although in the short-run this has led to higher borrowing, the Treasury has accepted the case for reducing future liabilities.

OUR ADVICE **Government, local authorities and other public sector agencies should explore the potential of applying the principles of social investment within government ie anticipating future savings to pay for early action. This might be linked to the Early Action Premium (see above).**

This might be one of the priority areas for the Social Justice Cabinet Committee to consider in the next phase of its work.

The ‘can't be done because it can't be afforded’ argument need not be a showstopper, but we do have to think differently, stretching ourselves with Transition Plans that set considered but bold targets and funding the pursuit of those targets with dedicated funds. Some of that money may result from using financial instruments which advance the savings to fund the investment, some from redirecting existing funding streams, some from important decisions about taxation, the National Fund or Futurebuilders. Some of these ideas involve short-term losers as well as winners but, without the courage and leadership to make bold decisions, we will all be the poorer. We, and generations to come.

Block 4 We don't really know what works on the ground

TO THE EXTENT THAT WE'VE ENCOUNTERED INSTITUTIONAL SUSPICION of early action, it often stems from experience or hearsay of failed programmes. It is true that some high-profile early action programmes haven't worked as well as expected. The flagship Home Office Crime Reduction Programme in the late 1990s, for instance, spent £250m on endeavouring to shift the emphasis in crime fighting towards crime prevention. The programme was characterised by poor programme planning and management, insufficient rigour in implementation, and shortages in capacity across much of the delivery system. (Homel *et al*, 2004). These problems resulted in a policy with divergent results: whilst some areas managed to tackle crime effectively, a third of the CRP areas saw an *increase* in crime over the policy's implementation. (Maguire, 2004)

Similar results have been found in smoking cessation programmes, approaches to reducing teenage pregnancy and many programmes to tackle long-term unemployment. These programmes don't just suffer from a natural distribution of results.

> Implementation failure in any particular project does not undermine the entire approach; it should teach us how to do it better next time

Several reasons might be identified for these failures. Not all preventative services work, and as with any new provision, there has often been a tendency for the pioneers and the evangelists to over-claim. Management time is pulled towards the urgent rather than the important, so prioritising acute services. We know it is harder to measure, and therefore to manage, a programme that will be judged on what doesn't happen, rather than what does.

These examples are cautionary, but should be considered alongside the institutional failures in acute services; prisons where the reoffending rate on release can top 70%, children's care homes costing £200,000 per child which are 'not fit for purpose' or the whole panoply of expensive interventions surrounding every 'troubled family' purportedly costing £9bn a year. Implementation failure in any particular project does not undermine the entire approach; it should teach us how to do it better next time. (MoJ, 2012), (DCLG, 2012), (APPG for Runaway and Missing Children and Adults, 2012)

Understanding what works and what doesn't needs good evidence, but this is thin on the ground. Data has been collected over many years for different funders, using different processes and indicators and making it difficult to draw comparisons and conclusions, even when considerable effort and expense has been invested in record keeping.

We made the case in *The Triple Dividend* for the brigading of existing evidence with what we called 'common core evaluation'. Considerable progress has been made over the last year with what the NESTA Chief Executive Geoff Mulgan has described as 'a surge of institution building', some of it brought together under the new NESTA-led, Alliance for Useful Evidence. The recently established Education Endowment Fund and the Inspiring Impact Coalition, and the soon-to-be-launched Early Intervention Foundation have the gathering of evidence at the heart of their mission. Cabinet Office leadership on exploring a 'National Institution for Clinical Evidence for social policy' has stimulated fresh thinking and gathered momentum rapidly in recent months.

The contractor's contribution

Government interest in payment-by-results has helped to focus attention on measurement and on understanding what works, but competitive tendering also has a countervailing effect, with large contractors claiming commercial confidentiality and withholding crucial information on process and results. This means that the learning, on success and on failure, from important programmes like the Work Programme, does not contribute to a growing evidence base. We might know who is hitting the targets and who isn't but we don't know why.

OUR ADVICE **Contractors bidding to deliver public services should be required to collaborate with the gathering of common-core evidence.** This may compromise their competitive advantage but that should not discourage government from insisting on this kind of collaboration. Organisations that can't accept the principle shouldn't be paid public funds for the delivery of public sector contracts.

Using what is already known to government.

It is not only in the management of outsourced contracts that government could help with building the evidence base. It would also be useful and cost-effective to improve the tracking of projects over time, using the data that public agencies already collect. For example, using the police national computer information on re-offending to measure all projects which aim to reduce re-offending (as the SIB funded ONE project now does in Peterborough).

OUR ADVICE **Government should consider how it can further support the building of evidence by making available existing data in a useable form.**

Regarding Information in the third sector as both a right and responsibility.

Building better evidence and sharing what we know already is not just an issue for government. The same obligations should also apply across the sectors to all who are involved in funding or delivering services for public good. Projects aiming to reduce reoffending should not only have access to the police national computer to compare success rates but should also offer similar transparency on their own data. The same reciprocal principle should apply across themes and be regarded across the sectors as both a responsibility and a right.

'Building better evidence and sharing what we know already is not just an issue for government'

OUR ADVICE **Third sector funders and delivery agencies should treat the sharing of evidence as both a right and a responsibility. We need to pressure and leadership from all sides on this agenda.**

Treasury evaluation tools

The Green Book is HM Treasury guidance for central government, setting out a framework for the appraisal and evaluation of all policies, programmes and projects. It sets out the key stages in the development of a proposal, from the articulation of the rationale for intervention and the setting of objectives, through to options appraisal and, eventually, implementation and evaluation. It describes how the economic, financial, social and environmental assessments of a proposal should be combined and aims to ensure consistency and transparency in the appraisal process throughout government.

> We need to ensure that it is gathered in ways that allow for consistent comparison, that it is pooled effectively and that we use the same tools to evaluate it consistently

The Treasury's Magenta Book also recommends that as much as 10% of any given budget should be spent on evaluation. It already provides tools for evaluating capital projects.

It is therefore surprising, perhaps, that the government often laments the lack of good evidence of what works. Part of the answer may be to ensure that existing evaluation budgets and tools are used. However, we propose that government should develop additional specific tools for evaluating early action consistently across central and local government. It should also consider how it can help further with the availability of existing data. This would usefully support the analysis of public spending along the early-late axis which we are also recommending as well as contribute evidence on what works.

OUR ADVICE **The Treasury should apply existing guidance more rigorously and also create specific tools for evaluating the effectiveness of early action initiatives across all parts of government.** It should further consider best use of data that is already collected. The guidance should seek to minimise the risks of investment, but also be realistic about the need for risk taking if the Fiscal Framework is to be delivered.

An open access network

The Task Force has been developing an open-access network of case studies to better share experience. We are particularly interested in tracking the progress of initiatives that are breaking new ground. We need to learn from what they're learning on their turf and on their terms – the use of legislation in Wales, for example, the application of readiness as a unifying goal for all agencies delivering services for public good in Coventry and the work of Business in the Community in supporting business, to develop an early action approach in the areas where they operate. Tracking the case makers will be a priority for the second phase.

ACTION UNDERWAY **The Task Force has been gathering information about early action across the UK.** Please contribute your story to www.community-links.org/earlyaction.

Knowledge and data is being generated every day. We need to ensure that it is gathered in ways that allow for consistent comparison, that it is pooled effectively and that we use the same tools to evaluate it consistently. Work is gathering apace in this area. If the lack of evidence to support the case for earlier action is a problem now, and it is, it should rapidly diminish in the future.

Improving education through free school meals

Free school meals are currently available to children whose families' income lies below a certain threshold, but in 2009 two local authorities (Newham and Durham) began offering free school meals to all primary school children as part of a government-funded pilot.

The evaluation (Kitchen et al, 2012) showed that the scheme dramatically increased take-up of free school meals, including amongst those who would have been eligible anyway but were not taking up their entitlement. Attainment levels for children at key stage 1 and 2 improved by between four and eight weeks worth of progress, compared to similar children in schools without the pilot. These improvements were strongest for pupils from poorer backgrounds and who were not achieving as highly to begin with.

The evaluation estimates that universal free school meals were better value for money, in terms of improving attainment, than targeted schemes like the Reading Recovery programme within Every Child a Reader, but less cost effective than Jamie Oliver's 'Feed Me Better' campaign which improved the quality of school food (although the IFS point out that school food quality has improved considerably since that scheme began in 2004/5, so it is unlikely to have the same impact if introduced now).

Newham Council decided to continue the scheme after central government financing of the pilot ended.

Source: Kitchen et al (2012)

Block 5 We don’t have the skills to work differently

THIS OBSTACLE IS IDENTIFIED both on the front line and in the commissioning office. We deal first with commissioning where inadequate understanding can lead to a focus on reducing costs rather than on paying for the most effective services to resolve social problems in the long term. Then we turn to the front line services where culture and practice has entrenched the ‘rescue reflex’ as the consistent *modus operandi* across services and sectors.

Best value training for commissioners

Payment by results may seem like a step in the right direction as early action requires a focus on long term outcomes combined with interim goals but even this can be counterproductive if the outcome is defined too narrowly or if, as is often the case, the commissioner is looking for short term cashable savings. Whatever the mechanism for payment the outcome definition is critical.

The new Public Services (Social Value) Act 2012 now requires public authorities to consider how their procurements ‘improve economic, social and environmental well-being’. The *Best Value Guidance* published last year and the Treasury’s *Green Book* already show how this might be achieved and evaluated, but in practice longer term social value has rarely been prioritised and the Treasury has not enforced the *Green Book*.

The new Act will be of little additional value if commissioners don’t know how to use the tools that already exist. The cross-cutting Early Action Fund or Funds discussed on page 24 offers a locus around which to accumulate and share expertise in government, but we think there is an urgent need to further develop skills. Training for commissioners, focusing particularly on long-term social value and the issues raised by the early action approach is not a new idea, but it is the right one. Too much public money is spent by officials with very variable levels of relevant knowledge and appropriate experience. We think that the Ten Year Test should be central to this training, shifting the thinking from short-term outputs and onto longer-term outcomes.

OUR ADVICE **Government should develop ‘Long term Value’ training for commissioners.**

This would focus specifically on issues raised by the early action approach. Ideally the programme would sit within the function that also managed an Early Action Fund (if managed separately) and would have the potential to become a repository of knowledge and expertise in best value and early action spending.

Early action training for the front line work force

The obstacles on the front line are of a different order. The *Wisdom of Prevention* published by The New Economics Foundation in May 2012 and sponsored by the Big Lottery Fund as part of their commitment to early action suggested that public services are staffed by ‘great battalions of people … programmed to haul bodies from the water’, never looking upstream and addressing the cause. We agree that entire services are constructed around the ‘rescue principle’ writ large in training courses, job descriptions and performance management procedures.

Almost 200 years after Sir Robert Peel formed the British Police Force, senior officers often talk with reverence about their respect for the Peelian principles which, it is claimed, still lie at the heart of the modern police service. We wonder how many of their junior officers would correctly identify Peel’s first principle: ***‘The basic mission for which the police exist is to prevent crime and disorder.’***

Police efficiency should be measured not only on the number of arrests but also on the lack of crime. In practice we think police officers – like health workers, social care workers, youth workers and others on the frontline – are invariably drawn in the other direction, towards managing crises rather than preventing them.

Perhaps those who are trained and paid to rescue might be forgiven this preoccupation but if *they* aren't thinking about prevention, who is?

> 'entire services are constructed around the 'rescue principle' writ large in training courses, job descriptions and performance management procedures'

The question reaches deep into the ecology of each profession and of public services in general. Undertaking this kind of cultural change is not a nudge on the tiller. Some things, moving budgets for instance, can happen relatively quickly, but replacing the rescue impulse with the prevention principle in the minds of every middle manager and worker is a bigger challenge, and it's about more than money. Professional training and workforce development must be considered, embedding reflection on the appropriate balance between services that prevent and services that respond, and equipping the workforce with the skills and the mandate to follow through on the implications.

ACTION UNDERWAY **The Task Force has been looking at professional training and development in two areas and will take this work further in the next phase.**

There's no short cut. Ministers can wax lyrical about early action but the words are worthless if they are not followed through with a consistent approach to workforce development. The challenges are cultural as much as structural. Training is not a shiny new idea but it is absolutely critical to the widespread development of the early action approach.

Joining up professionals in Brighton

Brighton and Hove Council are working with Futuregov to pilot the use of their newly-developed Patchwork online app, which makes it easier for professionals to find out who else is working with an individual child or family.

The app aims to address the silos that occur when multiple professionals from different agencies are all independently in contact with the same person. By allowing professionals to discover who else is involved with the child, Patchwork facilitates more joined-up services leading to earlier, better outcomes and more coherent support. The service encourages both relationships between professionals, and better relationships between professionals and the people they are working with.

Patchwork was developed by FutureGov with funding from NESTA, the Nominet Trust and Staffordshire County Council. The team now plan to widen the service to include adults as well children and link up information on families. Patchwork phase two is currently being scoped out which will explore the sharing of more information around a family with their multi-agency professional network, helping maintain a secure shared view of the issues being faced.

www.patchworkhq.com

Block 6 We lack the leadership and accountability structures to carry through the changes we need.

OF THE MANY BARRIERS OBSTRUCTING EARLY ACTION very few are insurmountable. We know what it takes. Almost every one is a question of leadership.

Wherever there has been progress, we have seen over the last year leaders, sometimes at the top but often in the middle, challenging convention, grappling with the choices between the future and the here-and-now, sometimes also between the interests of their own service and those of the wider community, between challenging themselves to break new ground and doing what they've always done because, apparently, no one ever gets sacked for doing what the last guy did.

We have seen that politicians are not alone in focusing on short-term results, although electoral cycles and the planning horizons of public expenditure mean that they often do, and we have accepted that the political difficulties should not be under-estimated. Public commitment to some acute spending, a local hospital for instance, can be deep and personal.

Strong leadership and accountabilty for long-term results are key to achieving the change we seek, starting with politicians but also extending to every layer of central and local government. Progress will always be constrained by short termism until individual Ministers, Permanent Secretaries, Councillors and public officials begin to embrace the importance of delivering fairness to future generations over the next ten years and beyond and come to view this task as their responsiblity. Early Action Transition Plans, the Ten Year Test and many of the other recommendations of the Task Force will be insufficient if they are not emphatically endorsed, monitored and enforced by Ministers and opposition, Parliament and the wider public.

The Case for

...investing in looked after children

- £3bn is spent on looked after children each year
- Children in care are more likely to achieve low qualifications, have poor literacy, suffer from mental health problems and be a victim of sexual abuse, and on leaving care to be unemployed, be homeless, or go to prison
- Yet successful projects have reduced the number of children entering care, and improved outcomes for those already looked after. In Denmark some residential care homes send 60% of leavers to university.

It's time to decide: invest in looked after children, or abandon them in great need.

Sources: Harker (2012), Bunting (2006)

Depoliticising these big ideas may be more realistic than it sounds. The Canadian experience of sustained cross-party support for a consistent approach to criminal justice shows that it is neither naïve nor impractical for the major parties in a parliamentary democracy to collaborate on the kind of agenda that cries out for sustained commitment to long-term goals and strategies. In our conversations we have found remarkably little difference between the parties on either the scale or the substance of the challenges, nor the shape and magnitude of the changes that are needed. Who could possibly believe that an obsessive focus on the short-term is the right approach to planning government spending, or that strict institutional boundaries are the most effective way of managing and delivering services for public benefit? We need the leadership to build on common sense, literally, the sense we have in common.

Leading in government and holding it to account

When *The Triple Dividend* was launched we called on the Public Accounts Committee and the National Audit Office (NAO) to look at the barriers we had identified, and to consider the changes that were needed. We wanted an engine for change at the heart of the government, provoking a response across Whitehall, critiquing progress and holding government to account.

> …an engine for change at the heart of the government, provoking a response across Whitehall, critiquing progress and holding government to account

The NAO is now carrying out a 'landscape review' on early action across government, focussing particularly on social policy, covering the Ministry of Justice, Home Office, Department for Education and the Department of Health. The results are due to be published early in 2013. The Review is considering interventions, amongst other areas, in terms of the use of the evidence base, collaboration, the use of data, incentives and capacity to deliver, and mechanisms for project control. It will draw on previous NAO reviews and look at new areas, and will look at Resource Accounts and consider the feasibility of breaking down early action expenditure and other categories on the early to late spectrum. This can then be used as the basis for further work, probably by the Office of National Statistics as recommended earlier in this report.

ACTION UNDERWAY **We see the potential in the work of the NAO for a profound shift in culture and practice at the centre of government. This is especially important in the context of further yet more difficult cuts, and set alongside other recommendations in this report particularly around the link to the Fiscal framework. There will be much to build on here in the coming months.**

The Social Justice Cabinet Committee is charged with responsibility for considering 'issues relating to poverty, equality and social justice' and is specifically required to 'provide political leadership and oversee the setting of priorities across government … to actively encourage and support cross-government working, recognising that policy to deliver Social Justice outcomes cannot be developed or delivered in silos … and to support and act as an advocate for innovative evaluation techniques and delivery mechanisms that have the potential to further the social justice agenda'. (DWP, 2012)

Its Social Justice Strategy launched in January emphasised the importance of giving individuals and families facing multiple disadvantage the support and tools they need to turn their lives around. It focused on prevention and early intervention and positioned the committee at the leading edge of the issues discussed in this report. Its objectives are excellent, but it faces all of the challenges identified by the Early Action Task Force, particularly as its goals can only be delivered by close co-operation across organisational boundaries and with the voluntary sector.

We believe that it would benefit from applying all of the tools outlined above – including ten-year planning, an analysis of spending and future liabilities and costs, and the treatment of early action as an investment. Plans for the application of these tools would make a useful focus for their second report and a major contribution to leading the early action approach across government.

OUR ADVICE **Government should develop all of the tools in this report to support its Social Justice Strategy which is already focused on early action and prevention but currently lacks the means to deliver its goals.**

Developing a Duty from the Ten Year Test

We have suggested a Ten Year Test and Early Action Transition Plans to focus minds on the longer-term, and to support the application of an early action perspective to plans and budgets across sectors and across services. The Ten Year Test could be elevated to become a statutory duty. Every public body could be required to formulate and meets its own version of the Ten Year Test, so leading central and local government toward longer-term thinking and collaborative working and ensuring accountability to the wider community for his longer term perspective.

> 'Options include a 'duty to weigh short-term benefits against long-term social, economic and environmental costs, coupled with a duty to avoid or justify long-term costs'
>
> Welsh Government, 2011

Since the publication of *The Triple Dividend*, something similar has been considered in Wales. A potential duty on the public sector was the focus of consultation in 2012. Options under consideration include a 'duty to weigh the short-term benefits of options against the long-term social economic and environmental costs, coupled with a duty to avoid or justify any long term costs' (Welsh Government, 2011).

There are also UK-wide precedents for comparable measures in other fields. Duties have, for instance, already had an impact in the UK in changing the culture on equality.

Because early action often involves several statutory agencies as well as other non-statutory organisations, any duty should also include a duty on statutory bodies to collaborate with each other, and implementation should be closely monitored.

In holding government to account Parliament should have a prominent role, with the Public Accounts Committee (PAC) in the lead, supported by the National Audit Office (NAO). Other Select Committees should reinforce this approach with a supporting focus on the effective implementation of the duty in their areas of interest.

OUR ADVICE **Parliament should place a statutory duty on all public bodies to apply their own version the Ten Year Test and to collaborate with others in so doing.**

We further suggest that parliament should have a role here, with the Public Accounts Committee and other Select Committees in holding public bodies to account, monitoring progress on a regular basis.

A Futures Commissioner

As Peter Davies explains in his 'Perspective from Wales', significant progress has been made here over the last year with clear leadership. The Welsh government is now consulting on several ideas from *The Triple Dividend* as part of its work on a sustainable development bill. Some form of 'futures commission', considering the impact of current policies on future generations, is one of the ideas that they are developing.

Comparable mechanisms already operate elsewhere. The rights of future generations are enshrined in the constitutions of Norway, Bolivia and some US states, whilst Australia, Hungary, Israel, France and several other countries have developed variants on the idea of commissioners for future generations, monitoring and evaluating policy from a futures perspective.

We think that a permanent UK-wide commission or commissioner or any comparable mechanism would need to be 'owned' outside Westminster and Whitehall, so safeguarding its neutrality. It would be housed, ideally, with an independent organisation that has substance, standing and intellectual pedigree, an institution not narrowly associated with any particular political interests. It might be expected to report annually and would need to be able to commit long-term to what is obviously a long-term project.

ACTION UNDERWAY **The Task Force is consulting with partners on the development of a permanent mechanism, outside government, evaluating policy from a futures perspective, asking the ten year questions and banging the drum for early action.**

A national champion

Within government, leadership will be needed to ensure progress on the early action agenda. Appointing a high profile 'Policy Tsar' can in reality be nothing more than a fig-leaf, but Ombudsmen with clear responsibilities and the power to carry them out have a better record. Alternatively, the newly-established independent Social Mobility and Child Poverty Commission, led by a prominent chair, models a slightly different approach. The Commission is required to 'challenge and monitor progress by government and other external institutions against the objectives of improving social mobility and reducing child poverty'.

Whichever the model, we think there is a case for early action 'champion' who is sufficiently close to government to exercise influence and enforce accountability and sufficiently independent to do both without fear or favour. The Efficiency and Effectiveness Group in the Cabinet Office might be an appropriate link into the exciting machinery of government.

OUR ADVICE **All political parties should commit to establishing and supporting a structure or position, within government, monitoring and driving progress on early action.**

The individual or forum would need enough independence to speak with freedom, and enough authority to be heard with respect.

Third sector leadership

Ask anyone in the third sector about their long-term vision; invariably they will talk about obsolescence, working for the day when they are no longer needed. Press further. What did your organisation do this week, this year to advance that day? Funders often display a similar disjunction between what they do and what they think they are for. There are significant exceptions – the Barrow Cadbury Trust for instance, 'seeking to overcome the structural barriers to a more just society' and the newly refocused Lankelly Chase Foundation, determinedly prioritising prevention and systemic change – but in general, strategy and priorities across the sector are dominated by the rescue reflex.

> Most voluntary agencies have neither the powers nor the responsibilities of a statutory agency. Their priorities are their own. What are they for if not for the reduction of need?

In this report we've made recommendations about planning tools, the building of evidence and collaboration on the front line. These apply across the sectors. Other suggestions, about funding for instance, are addressed specifically to the third sector, but there is also a bigger question here. Most voluntary agencies have neither the powers nor the responsibilities of a statutory agency. Their priorities are their own. What are they for if not for the reduction of need? Not perhaps to the exclusion of all else, but at least in significant measure. We need braver, bolder, more committed third sector leadership on prioritising prevention.

OUR ADVICE **Funders and delivery agencies and their umbrella bodies should take the Ten Year Test. What will be the ten year consequences of our work today? How will we reduce need over the next decade? What more could we do?**

Leading a new conversation

Each generation is, for a relatively short time responsible for the next one. The calibre of our stewardship will determine the quality of their lives. That's why we need as a generation to understand the consequences of the ways in which we live and work today.

Change involves giving some things up as well as taking others on. It might mean acknowledging that the friendly local hospital may no longer be the best way to care for our community. It might mean retiring later, training for a new job or behaving differently to safeguard our own health and well-being. This is not the kind of change that can be delivered solely from the top down without, at the very least, a degree of consensus and popular commitment from the ground up. That's why we talk a lot in this report about 'cross-party' collaboration and 'whole society' reform.

Some of the choices are very difficult, but if we are serious about wanting a different, more responsible kind of society – one that looks ahead – we need a different kind of politics and a different kind of conversation.

We need to talk about it.

ACTION UNDERWAY **The Task Force is exploring new ways of explaining and promoting the ideas in this report but this is far, far bigger than us. We expect to be judged over the next three years partly on the impact of the practical activity that we have begun but also on our ability to channel that momentum into a bigger conversation, about our values, our priorities and our legacy.**

New structures like a Futures Commissioner would strengthen the case for early action. A Duty to Test and a National Champion would help to enforce it. We think these ideas are important but not enough. Have we the leaders to challenge convention at every level in every organisation, every community? Delivering the triple dividend is, above all, a question of leadership. A question for us all.

Protecting youth work in Dursley

When Gloucestershire County Council cut the majority of its funding for youth services, the market town of Dursley was left with no services for young people at all. The town council's consultation on their community plan revealed very high demand for youth services, and Councillors knew how important youth work could be. They decided to make the project one of their main aims for 2012/13 and voted through a 1% increase in the Town Council's share of the Council Tax to help cover the cost. Commissioning youth services for one small town is not very practical, so the council formed a partnership (the South of Stroud Youth Partnership) with three neighbouring towns who were equally concerned by the lack of youth provision. Together they have commissioned an external organisation, Young Gloucestershire, to deliver the service, which will open in September.

Source: Gillespie (2012)

A Measured Revolution

ONE COUNCIL LEADER WE SPOKE TO EARLIER THIS YEAR summarised his budget for us and outlined the cuts. He talked about services 'running on fumes', about the demographic change in his locality and its implications for the future and about the likelihood of further cuts next year. He sketched his own 'graph of doom' depicting the probable point at which the money runs out for all but the most essential, acute services and then the point where even they are unaffordable.

His plan was less of the same, cut by cut. Why? 'Because it was, he said 'fear driven … if a vulnerable pensioner dies or a child is killed no one gets sacked for doing what the last guy did. We did our best.'

Wherever we have gone in the last 18 months we have been struck by two things:

First, that an acute, fear-driven, crisis-led service, rescuing not preventing, is rarely enough, and that even if it is we are running out of rescuers. Services for public good, and particularly for the most vulnerable, are struggling in 2012 and will struggle more. They will soon be unaffordable. They are unsustainable.

> 'Services for public good, and particularly for the most vulnerable … will soon be unaffordable. They are unsustainable'

Second, we could do better, earlier. This is a practical proposition. Budgeting, planning, managing, delivering, evaluating will all need to change but largely we, not the Task Force but the people that are doing it at the moment, know how.

Our fear is not that rescue will fail. Sooner or later it will. It is that we don't act soon enough, shifting emphatically, systematically and comprehensively to earlier action, tackling causes not consequences, reducing need.

Our fear is that the big decision makers will get half the idea. Moving on from under-fives, for instance – last year's thing – to commission reports on five- to ten-year-olds, and switch modest resources. We need a **whole community** that is ready for everything, a **whole society** that prevents. Too much is expected already of the purely programmatic. The triple dividend will spring from systemic reform – changing the nitty-gritty not adding to the itty-bitty.

And our fear, of course, is the grip of fear itself. It takes a certain kind of leadership, from the top or in the middle, to challenge old ways.

In this report we have used the goals of the government's own Fiscal Framework – *'sustainable public finances … promoting intergenerational fairness …'* to recommend Ten Year Spending Plans, early action auditing, a Ten Year Test and Transition Plans committed to cross-cutting outcomes, and the revision of budgetary rules treating early action as a form of investment. In addition we suggest duties, rights and roles for local authorities, parliament and other agencies embracing whole system reform, premiums, profit shares, dedicated funds and responsibility charges to incentivise transition. And we have committed an expanded Task Force to developing its work on the obstacles, embedding transition and holding feet to the fire over the next three years.

It will be a time of continuing financial constraint and of the escalating problems that ensue, of, probably, an unusually close election, of particularly significant budgets, and of a potentially seminal spending review.

Future generations will consider the choices that we make and look back on this period as, for better or for worse, the deciding time. We can't afford to be frightened.

Our recommendations are practical and pragmatic, but in aggregate they would result in a different kind of politics and a different kind of society – one that valued sustainable solutions above short-term crisis management, one that looked ahead.

> ...in aggregate, a different kind of politics and a different kind of society – one that valued sustainable solutions above short-term crisis management, one that looked ahead

We've considered the escalating liabilities – social, economic and environmental, and we've witnessed President Obama's *'gap between the magnitude of our challenges and the smallness of our politics'*. We've concluded that isolated initiatives are not enough. We need cross-party support for changing structures and systems to meet imminent liabilities and to unleash the triple dividend – thriving lives, costing less and contributing more.

We need a change that is thoughtful, rigorous, sustained, ambitious – a measured revolution but a revolution none the less.

Improving children's outcomes in Birmingham

Brighter Futures is the name Birmingham City Council has given their children's and young people's strategy, introduced in 2009. Its aim is to address the Every Child Matters outcomes through redirecting resources so that 'services are delivered to children and their families before problems set in or escalate.'

The programme includes intensive piloting (or testing) of eight preventative and early intervention programmes. The pilots include Family Nurse Partnerships, Incredible Years Parenting Programme, Promoting Alternative Thinking Strategies (PATHS), Restorative Justice in Children's Homes (RJ) and the Triple P Parenting Programme, which are all being assessed using Randomised Control Trials. Those programmes which are shown to be successful will be rolled out across the city.

Birmingham Council have been at the forefront of developments in early intervention and prevention work for several years, including on strengthening the evidence for early intervention through their work with the Dartington Social Research Unit. They borrowed £40.7m to invest in the programme, which is estimated to generate £101m in future benefits. They have already begun paying back the loan.

www.birmingham.gov.uk/brighter-futures

The perspective from Wales

Peter Davies is Sustainable Futures Commissioner, and Chair of the External Reference Group for the Sustainable Development Bill

The Welsh government have been working on the development of a sustainable development bill to tackle the issues identified in The Triple Dividend and to embed sustainability as a 'central organising principle' for the planning of public spending and the delivery of public services. Peter Davies explains the plans and the progress so far.

As Commissioner for Sustainable Futures in Wales, an independent role appointed by Welsh Government to provide a focus on the long term, I am conscious that talking about the future is only of any use if it brings action now. The concept of early action delivering long term, triple bottom line outcomes should be at the heart of sustainable development. The Early Action Task Force *The Triple Dividend* report perfectly captured the essence of this approach and brought much needed focus on action that can take place now preventing long term consequences and setting a pathway for a more sustainable future.

A commitment to sustainable development has been a distinctive feature of the devolution process in Wales, with the Government of Wales Act including a duty on Welsh Government to promote sustainable development. This duty requires the Government to produce a strategy to demonstrate how its policies contribute to sustainable development and requires annual reports on progress which are debated within the Senedd. The current strategy 'One Wales One Planet' sets sustainable development as the central organising principle of Government, defining sustainable development as:

'enhancing the economic, social and environmental wellbeing of people and communities, achieving a better quality of life for our own and future generations in ways which:

- promote social justice and equality of opportunity; *and*
- enhance the natural and cultural environment and respect its limits – using only our fair share of the earth's resources and sustaining our cultural legacy.'

This governance framework has provided an important context for the development of policy across departments. It has also generated much debate as to how we best achieve a sustainable, long-term development path for Wales, as successive reviews of the effectiveness of the sustainable development duty have highlighted challenges of achieving integration across departmental policies. Truth be told, progress has been limited hitherto due to all the reasons set out in *The Triple Dividend*.

We can of course find evidence of shifts in practice, with focus on early years through the commitment to Flying Start, the establishment of local service boards to deliver an integrated approach. However, it may be that our planned Sustainable Development Bill provides the real opportunity to 'service the bureaucratic plumbing' of spending rules, organisational silos etc and put forward practical and structural improvements and a process of transition to early action.

The Welsh Government announced their intention to bring forward a Sustainable Development Bill in July 2011, as a means of further strengthening the commitment, by legislating to embed sustainable development as the central organising principle and establishing a new independent sustainable development body in Wales. An initial discussion paper was launched in November 2011, with a further consultation on proposals in May 2012, prior to the planned introduction of a White Paper in December 2012.

The proposals, which have been informed by the thinking set out in *The Triple Dividend* focus on improving governance for the long term with a focus on public bodies to base policy decisions on:

- how to make best use of resources to maximise people's wellbeing over the long term;
- prioritising prevention rather than tackling symptoms – focusing on the early identification of the causes of problems and tackling these – rather than tackling the symptoms at a later date;
- long-term cost savings between and within organisations through focusing on critical early interventions;
- tackling single issues 'in the whole' especially through integrating different issues between organisational and administrative silos at the same time;
- ensuring that decisions do not impose unintended costs elsewhere, through integrating required economic, social and environmental outcomes into all decisions;
- thinking long-term, so that decisions today do not leave future generations picking up the cost.

There is no doubt that the transition to a culture where all decisions are made for the best long-term outcomes, by organisations which set policy and delivery in a joined-up way, and which take account of the needs of future generations, will need a significant shift in attitudes, behaviours and capabilities. The proposed legal duty will provide an important framework for this change, but will need to be underpinned by a culture change programme which builds on the 4E's model of Enable, Encourage, Engage and Exemplify currently applied by the Welsh Government and which will be a core function of the proposed Sustainable Development Body to be established under the new Bill.

The Welsh Government was a great supporter of the role of the UK Sustainable Development Commission as an independent body appointed to provide advice, advocacy and review and was the only administration in the UK to make a commitment to continue the function, following the decision to withdraw funding by the UK Government, through establishing the role of Sustainable Futures Commissioner.

The proposals for the Sustainable Development Bill will establish this role in a new statutory Sustainable Development Body which will have a key role in accelerating the pace of change, providing independent leadership, advocacy, advice challenge and review. It will need to work closely with the Wales Audit Office who would have responsibility for ensuring that public bodies comply with the duty set out in the Bill.

The exact scope of the new body is yet to be defined, but there are strong arguments for it having a key function in improving governance for the long term, setting the long-term development goals and measures of progress, which would align to the post Rio+20 process of setting global Sustainable Development Goals. Ideally, it will also become responsible for the Sustainable Development Charter which has been established by the Welsh Government as a voluntary mechanism to capture organisational commitment and which would be applied to private and third sector organisations who do not come under the legal requirements of the new Sustainable Development Bill.

The proposed new legislation is an important step in improving our governance for the long term, that ensures consideration of the impacts on future generations, shifting focus onto early action and prevention. A real opportunity to 'service the bureaucratic plumbing' of spending rules, organisational silos etc and put forward practical and structural improvements and a process of transition to early action.

This will not be either an immediate or easy change and the legislation can only provide a framework, so it is critical that we work with partners such as the Early Action Task Force to develop the practical application of the principles and make our commitment to sustainable development a reality.

The perspective from a charitable trust

Joe Randall and Matthew Smerdon, Baring Foundation

Future Advice – how the principle of early action is informing a major new grants programme for legal advice services.

The Baring Foundation is a UK grant-maker supporting voluntary organisations that tackle disadvantage and discrimination. In 2012 we launched the *Future Advice* grants programme, which aims to support an effective system of social welfare advice services. The concepts of 'early action' and the triple dividend: thriving lives, costing less and contributing more, have been highly useful and relevant in developing this programme. Especially important, at a time when advice services face large-scale funding cuts combined with greatly increased needs, early action offers a way, not only to work more effectively, but also to alleviate future demand. As such, early action is potentially essential to the future sustainability of these vital services.

Advice plays an indispensable role in addressing the needs of vulnerable people, whether that is as part of helping something positive to happen, such as increasing income, improving housing or improving health, or to help prevent something bad from happening, such as being made homeless. At the same time, ***not*** getting advice has many adverse impacts. One estimate, based on analysis of the Crime and Social Justice Survey data, calculated that unresolved law-related problems cost individuals and the public purse at least £13 billion as a result of loss of employment, lost income, physical and stress-related illness and violent behaviour resulting from the stress of problems and resultant relationship breakdown. (Kenrick, 2011)

Advice plays an indispensable role in addressing the needs of vulnerable people

There seem to be four themes around which early action advice services can be built:

1 Equipping citizens with a foundation level of legal capability

Advice agencies can work in ways that support citizens to be more confident about identifying and tackling law related problems. Law for Life, the Foundation for Public Legal Education, argues that a foundation level of legal capability would means citizens could:

- recognise the role of law in everyday situations, planning and avoiding risks;
- know at what point and where to go in order to get help with law-related problems;
- have skills essential for dealing with conflict, particularly communication and self-confidence;
- are active citizens, understanding that the law is not set against them and that laws can be improved, and possessing the confidence and belief that they can participate in that process.

Key early action aims

- To reduce the number of people needing advice (through avoiding problems, and being better able to deal with the early stages of problems by themselves).
- To reduce the intensity of presenting demands (from specialist to general advice needs, and from general to information).

2 Intervening at the right time

Advice agencies can plan their services in line with *The Triple Dividend* report's powerful idea of 'one-step-sooner', seeking out new ways in which to intervene in order to stop problems becoming more serious.

Key early action aims

- To reduce the numbers of problems which become serious advice needs.
- To get the right decisions sooner, thereby avoiding costly appeals or drawn out advice processes.

3 Delivering advice differently

Advice providers can look to deliver advice in a manner which addresses the needs of the whole person. This means that advice must be of high quality, and provided in such a way as to ensure that:

- Clients with multiple advice needs get all their problems resolved so that they do not simply come back when their secondary problems develop to crisis point ('revolving door demand').
- Clients are effectively and efficiently referred to those advice providers best able to help them (preventing 'referral fatigue').
- Clients are provided with capabilities through the advice process so that they are better able to solve problems themselves or identify them earlier in future (preventing 'repeat demand').

Key early action aims

- To reduce 'repeat' or 'revolving door demand'.
- To reduce 'referral fatigue'.
- Better feedback and learning processes.

Advice providers can work to address 'failure demand' generated by agencies, statutory services and others not getting things right first time. Key to this are outward-looking advice agencies, which operate with a collaborative instinct, seeking out new ways of working with partners (including community groups, health bodies, local voluntary sector networks, national and local statutory services) in order to act on the drivers of demand.

Key early action aims

- To reduce the drivers of 'failure demand'.
- To reduce 'revolving door demand'.

As well as making direct grants to advice providers, the *Future Advice* programme involves wider work to influence the environment for advice services. For example, the Foundation has worked with the Cabinet Office on how best to support the advice sector to respond to the pressures it is facing. It has argued that supporting early action should be one of the principles driving this effort.

As a funder, the Foundation sees how the ideas of early action are relevant across a wide range of issues and that incorporating an early action focus could be transformative.

The perspective from the Big Lottery Fund

Ambreen Shah is Deputy Director, Big Lottery Fund England

We have funded and been engaged in the work of the Early Action Task Force, and value the insights from *The Triple Dividend* report, as early action is an important area for the Big Lottery Fund. Our mission is to help people and communities most in need and as an intelligent funder, we're committed to focusing our resources, people and connections towards stemming problems at source. Inspired by our ethos of People Powered Change, we want to identify long-term local solutions and find people with the skills and talents to make a difference.

Statistics on child poverty, income and health in our society all point to the same stark truth – decades of well-meaning effort have not done enough to prevent the intergenerational transmission of disadvantage within families, nor to help unlock the potential trapped within some sections of our society. Remedial services are not only costly in terms of wasted human potential; they are huge cost drain on our public services.

> Remedial services are not only costly in terms of wasted human potential; they are huge cost drain on our public services… we'll be announcing major new investments to 'shift the dial'

Over the next few months, we'll be announcing major new investments to 'shift the dial' and address some of the most entrenched social problems in England. Task Force members have been working with us to share knowledge and experience about effective approaches and helping to develop our thinking as we plan these initiatives. The idea of promoting readiness and the principles set out in *The Triple Dividend* have been influential in helping us to decide on the focus of our funding in these areas and what we'll be seeking to achieve.

We believe that every community facing problems contains within it people and groups who step forward as the solution. Engaged public services, community groups and businesses working together can turn that around if they are given time, encouragement and belief. A shared commitment to early action must be one of the central pillars for partnerships to coalesce around if a real impact for people and communities most in need is to be made. Together, investing earlier in evidenced approaches is not only the 'right' thing to do – it is the *best* thing to do. Our approach includes support to expand and replicate evidence-based approaches on a larger scale, alongside a willingness to test and learn new approaches to help build the evidence base for early action.

We recently commissioned research from New Philanthropy Capital, one of the Task Force's members, to scope an overview of the policy landscape on early action in the UK, and help BIG identify opportunities where it could make a difference. One challenge of implementing early action approaches is the need for partners and agencies to work collaboratively. We are interested in working with local partners – strategically and at scale – where we share the same goals of long-term change. Over the summer, we supported conferences organised by New Economics Foundation on the case for 'Moving Upstream' across social, economic and environmental initiatives, and one by Wave Trust on sharing effective approaches to early action for young children in local areas.

A key aspect of BIG's strategic funding until 2015 will be to focus on a smaller number of long-term investments to address entrenched, costly social issues. We will start to make some announcements shortly, and begin conversations in the coming months. We have an appetite for making deep, targeted and radical investments. We will do this at the same time as maintaining our popular open grants programmes, Reaching Communities and Awards for All.

We are already helping set the pace through our UK-wide Improving Futures programme. Seventeen ground-breaking projects, each built around a Local Authorities and voluntary sector partnership, are already testing early intervention for families on the 'cusp' of acute need. Our Improving Financial Confidence programme is helping social housing tenants to become more confident in and more aware of how to take control of their finances. This fits strongly with *The Triple Dividend*'s focus on promoting readiness, intervening early rather than waiting until people get into debt to provide support.

'Together, investing earlier in evidenced approaches is not only the 'right' thing to do – it is the best thing to do'

Big Lottery Fund in England will increasingly stand as a champion for early action approaches and as a catalyst for bringing national and local partnerships together. We will also be a significant funder of early action activity in the coming years. We are excited by the potential of working with members of the Task Force and in partnership with local leaders. This will ensure that we grasp the opportunities which this agenda offers to give people more choices, opportunities and confidence, so that they can live fulfilling lives, be part of successful communities, and live in enriching places.

Summary of our advice

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- **To develop early action training for front line staff** 38

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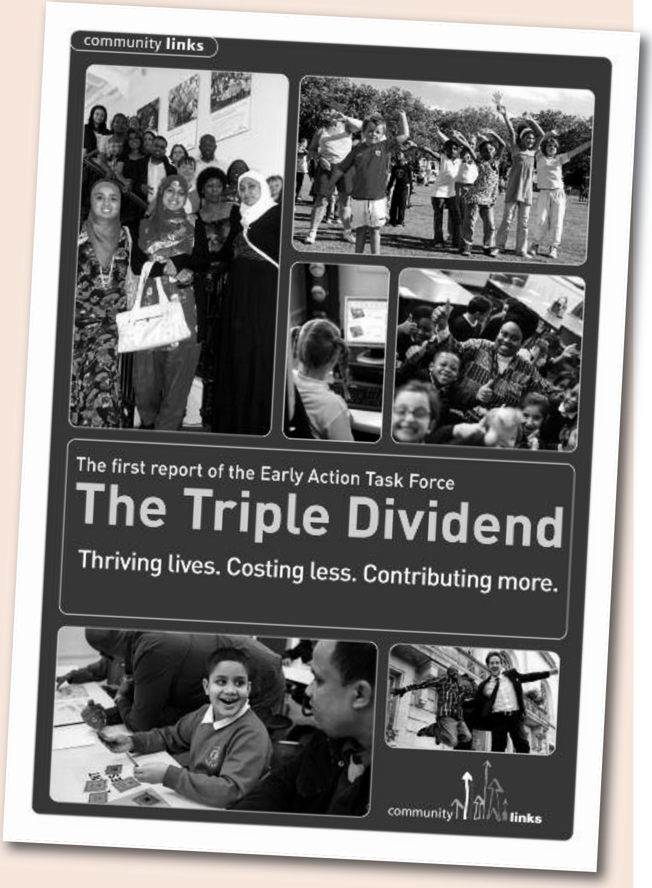
The Triple Dividend:
Thriving lives. Costing less. Contributing more.

The first report of the Early Action Task Force



'How do we build a society that prevents problems from occurring rather than one that, as now, copes with the consequences?' This was the question that the Early Action Task Force set out to consider.

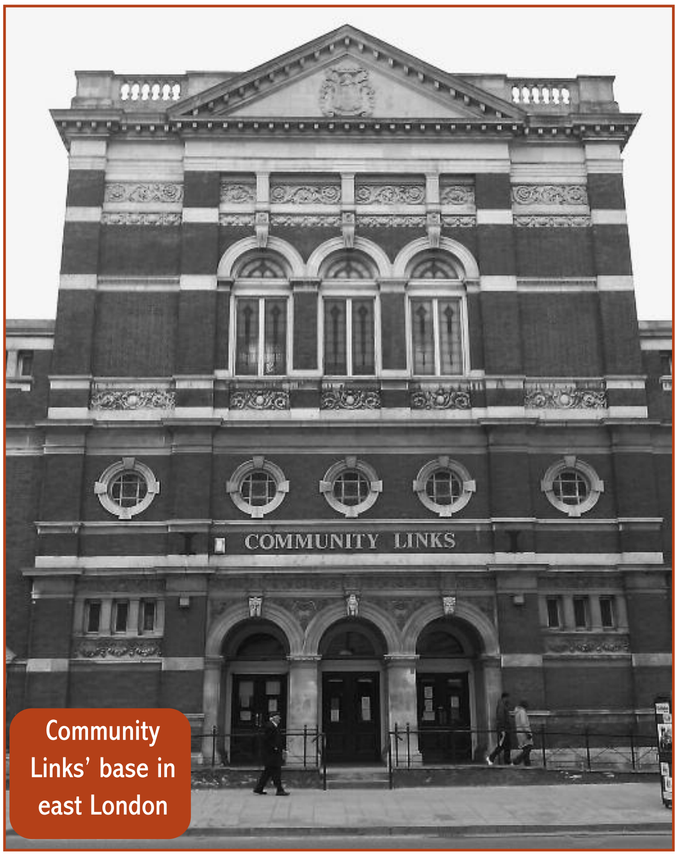
This preventative approach is frequently voiced in politicians' speeches but not embedded in public policy. The Task Force proposes that early action should be a fundamental principle shaping the way in which both government and civil society spend their resources and judge their success. Investing wisely and early in social wellbeing yields a triple dividend – thriving lives, costing less, contributing more.

In this, their first report published in November 2011, the Task Force put forward a set of ideas and initiatives for developing a community that is 'ready for everything' – not one that picks up the pieces and counts the cost.

- You can find out more about the report, or download the full report or a shorter summary, from www.community-links.org/earlyaction

About Community Links

COMMUNITY LINKS IS A SOCIAL ACTION CHARITY in east London working with more than 16,000 people every year. Early action – building a fence at the top of the cliff rather than running an ambulance at the bottom – has been at the heart of our strategy for 35 years.



Community Links' base in east London

Our national research and policy work – such as The Early Action Task Force – is rooted in the knowledge gained through a wide range of practical projects and services delivered locally, offering support to all age groups and across a wide range of issues. Most of our projects are delivered in Newham, one of the poorest boroughs in Europe. Our projects respond to local needs, have been developed with local communities and are delivered by staff that live locally, many of whom are former users of our services.

We pioneer new ideas and ways of working locally and share the learning nationally with other practitioners and policymakers.

Consultancy Services

Our consultancy services and approaches are grounded in our community-based projects in east London. We share our learning by providing practitioner-led research and evaluation, organisational development, community engagement, and bespoke skills training services.

We help communities achieve their own potential through capacity building, knowledge development, and community engagement. We share our expertise, experience, and network through a participatory skills-building approach so that we leave behind an enabled and self sustaining community.

Find out more at www.community-links.org

The Deciding Time: Prevent today or pay tomorrow

This second report of the Early Action Task Force paints an urgent picture of escalating needs and diminishing resources. As funds have been cut over the last year acute services have been prioritised at the expense of earlier action. More problems have become more difficult when they might have been prevented entirely.

These trajectories are unsustainable but they are not inevitable. This report considers some of the many examples of successful prevention and points out that the benefits are economic as well as social. Effective early action is a need reduction strategy reducing future liabilities and promoting growth.

So why is it not the prevailing economic orthodoxy and the dominant organising principle at the heart of our public services?

The Task Force identify the six big obstacles that are thwarting progress. They show that isolated initiatives are insufficient. Structures and systems must change to meet imminent liabilities and to unleash the triple dividend – thriving lives, costing less and contributing more. New rules, duties, structures, tools and funding are suggested to break the constraints of short-term thinking and siloed delivery.

The recommendations here are rooted in experience. They are practical and pragmatic but would in aggregate result in a different kind of politics and a different kind of society – one that valued sustainable solutions above short term crisis management, one that looked ahead.

The challenges and the choice posed in this report are profound, urgent and for us all. Prevent now or pay tomorrow; in every dimension of our lives, we need to decide.

This report is the work of the Early Action Task Force. The 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 and funded by the Big Lottery Fund and the Barrow Cadbury Trust

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