



**Preventative
Spending**

A Discussion Paper

This short paper is based on a futures-based workshop on the 'case for preventative spending', held by Scotland's Futures Forum, for and with, the Scottish Parliament Finance Committee. It is hoped that this paper adds weight to the Committee's inquiry and, highlights the absolute need not to excessively cut preventative spending initiatives, so very necessary for the long term stability and success of Scotland's public services.

What is preventative spending?

What is clear is that preventative spending is not a new thing. There are any number of historical examples of where public money had been invested in substantial quantities to avoid negative social outcomes, e.g. polio and tuberculosis vaccines, drink driving campaigns, the smoking ban.

The positive ratio of benefits to costs in relation to early years has been widely accepted for a number of years. Nobel Prize winning economist James Heckman argued that investment in early years greatly outweighs investment at any other stage of education and this evidence has formed the basis for a vast swathe of recent UK public policy such as Sure Start, maternity grants etc.

Research by Professor David Bell, an economist at Stirling University, has shown that since free personal care was introduced by the Scottish Government in 2002 – 3, the number of long-stay geriatric beds in Scottish hospitals has fallen from about 2,700 to 1,700. He believes that this represents a bigger saving to the NHS than the extra cost of personal care. (*The Economist*, 28 August 2010)

Public health professor Jill Pell at Glasgow University and her colleagues found that after the smoking ban introduced by the Scottish Government in March 2006, the number of people admitted to nine Scottish hospitals because of a heart attack fell by 14% among smokers, by 19% among former smokers, and 21% for those who had never smoked. Once other factors had been taken into account, her team deduced that this translated into a decrease of about 14% because of the ban. (*The Sunday Times*, 13 September 2009)

Why is it important at a time of financial austerity?

Rapidly rising demand for services and unprecedented pressures on public finances means that we will have to find new ways of delivering public services.

- The Kings Fund estimated that a 2% growth in services to older people will be required in order to 'stand still'
- According to the Improvement Service, a 3-4% increase in provision will be needed for services to children due to policy priorities and increased assistance for children with learning support and special needs
- The impact of the recession will also see increased demand for public services such as housing, policing and community safety, social work, education, business support etc.

At a recent Futures Forum cafe, it was stated that **an estimated 40 – 45% of public spending is negative** – we spend this money to address social problems in the short-term. However, in these economically straitened times, there is now an even greater imperative for the public sector to take a longer term, strategic direction with a greater focus on prevention.

What are the challenges to preventative spending?

Intuitive and sensible as preventative spending measures seem, there is too much pressure on budget holders to tackle negative social outcomes here and now, despite recognition that this 'deficit model' has limited success in the longer term.

At the delivery level, systems are often pitched against the desire to see greater collaboration between sectors. The competitive tendering process has been cited as an example of this at numerous Futures Forums events.

Some have argued that the long-term outcomes delivered by preventative spending measures are, by their very nature, difficult to evaluate. This is true, but not impossible. We must also recognise that we are not properly evaluating the success and failure of much of our current spending.

What opportunities exist to increase the profile of preventative spending?

Given the existing financial climate, a more systematic approach to preventing negative social outcomes such as inequality, drug and alcohol misuse, violence etc., holds real potential benefits for all levels of government. We should however ensure that resources follow evidence of what works.

With over 50% of Scotland's population expected to be over 50 by 2025, we should see our ageing population as a resource and not a drain on society. This might mean diverting resources into more lifelong learning programmes at the expense of other areas of education, for instance.

Participants at recent Futures Forum events were unanimous in their view that a party political consensus on the need for preventative spending was not sufficient. Given Scotland's size, it should be possible to build a wider societal consensus and shared vision of what we want Scotland to look like in 2025. To do this required strong political and civic leadership.

Case studies

Nurse family partnerships

These have been trialled in the USA and Australia and are widely used in the Netherlands and Nordic nations. The scheme aims to provide intensive support to first-time young mothers from deprived backgrounds in order to reduce the incidence of future deprivation social exclusion. A health visitor works with the mother from the early stages of pregnancy and in the early years of the child's life.

Evidence from US trials carried out over the last thirty years have shown the following benefits: improved prenatal health of mother and baby, fewer childhood injuries, fewer subsequent pregnancies and longer breaks between births, increased maternal employment and better attainment at school. Researchers returned to the children from the first trial when they reached 15 and found a 48% reduction in child abuse and neglect, a 59% reduction in arrests and a 90% cut in numbers receiving supervision orders. (*The Guardian, 16 May 2007, Q&A: Nurse Family Partnership Programme*)

Case studies

Supporting families with drugs problems

UK charity Addaction evaluated children in 68 families where there was a drugs problem. They invested £1,700 in each family over seven months. They estimated that savings of £20,000 per family were achieved over the period of the intervention. And they calculated that savings of £148,000 per family were achieved over the following 1 – 2 years.

Partnership working to tackle drug and alcohol misuse

Face To Face, a charity based in the Borders, has worked in partnership with the local police, schools and hospital in order to tackle drug and alcohol misuse amongst local young people. Whenever the police find someone who has been using drugs, they visit the family and the children are later visited by someone from Face To Face and offered the opportunity to meet with someone again. There is an 86% engagement rate, despite the second visit being voluntary.

The charity has seen drops in drug and alcohol misuse, improved school attendance and six months after initial contact was established, 60% of young people who had been through the programme were maintaining the changes to their lifestyle.

Social impact bonds

“A social impact bond is a contract with the public sector in which it commits to pay for improved social outcomes that result in public sector savings. The expected public sector savings are used as a basis for raising investment for prevention and early intervention services that improve social outcomes.”, Wikipedia

The UK's first social impact bond is being trialled at Peterborough Prison. Around 3,000 short term prisoners, serving less than 12 month sentences, will receive intensive interventions both in prison and in the community. Funding from investors outside government will be initially used to pay for the services which will be provided by voluntary sector organisations with a proven track record of working with offenders. If the recidivism rate is not reduced by at least 7.5%, the investors will receive no return on their investment. There is an initial investment of around £5 – 7m but it is estimated that there will be long term savings of £162m.

Key messages to the Finance Committee

- There was widespread agreement that the public sector needs to become more focussed on outcomes and that we need long term funding for long term outcomes

- We need to build a societal consensus about the need for preventative spending – a party political consensus is not enough

- We should unlock inflexibilities where they inhibit joined-up working between and within sectors and move towards a person-centred approach

- We must be innovative and take risks and stop making policy in response to a media-led agenda – we must buck the tendency to only think in the short and medium term

- Scotland must consider ways in which it can generate more income/increase its tax take

- There should be greater co-production of outcomes between the state and communities – civic society should be a partner for intelligent collaboration

- The role of those commissioning services is vital and we should change the competitive tendering process so that it encourages more collaboration and partnership working

- We must give careful thought to how we measure the success of services and ensure that evaluation techniques are proportionate – we should have more people delivering services than monitoring and inspecting them

- Political leadership on this agenda is vital

- We should redefine what we mean by 'expertise', i.e. not just the view of academia

- Performance targets focus on delivering a service not eliminating the need for that service (for instance, our aim should be improved health, not improved health services)

- Continual assessment of the evidence would be a very valuable piece of work – preventative spending may be difficult to measure but that doesn't mean we shouldn't try

- We must not forget the importance of the workforce that delivers our public services (whether they are direct employees or contractors)

- Building social capital is just as important as financial capital