

Scrutiny of the forthcoming spending review and Draft Budget 2012-13: Preventative spending – call for evidence

The previous Scottish Government said that: “Preventative action is integral to the approach to government in Scotland and delivering the outcomes set out in the National Performance Framework”. What spending commitments and priorities would you like to see in the 2012-13 draft budget and spending review in order to ensure that progress is being made on preventative spending and, in particular, Early Years intervention?

Children in Scotland, in our previous oral and written submissions and in many of our publications and activities, has advocated strongly for investment in effective services for children in their early years. We are pleased that the Finance Committee has acknowledged, and wishes to act on, the substantial volume and quality of Scottish, UK and international evidence supporting this position.

The context in which the 2012/13 budget is being set should mean that early years investment is given even higher priority in the allocation of public resources. Firstly, it constitutes the single best and most effective way to reduce the incidence of social, educational and health problems requiring costly, and often ineffective, later interventions. Public sector budgets are projected to be restricted over the next few years at least. Services that achieve the best and most sustainable outcomes for the least investment thus present the most responsible approach to deployment of public funds.

The recent report of the Commission on the Future Delivery of Public Services (Christie Commission) highlighted the pivotal role of public services in preventing problems, addressing inequalities and reducing escalating demand. It also underlined the need for better service integration and coordination of strategy, management and operational delivery. These aspirations are also emphasised in the recent Communication on Early Childhood Education and Care (ECEC)¹ from the European Commission, which has been formally

¹ European Commission Communication on Early Childhood Education and Care (COM (2011) 66)

adopted by all member states.

The Christie Commission's report, coupled with that of the Finance Committee's Preventative Spending Inquiry, underlines the need for public sector reform characterised by investment in both better integrated services, and those actions having the greatest likelihood of *ensuring that significant health, education and social problems never arise in the first place*. Primary attention should be devoted to primary prevention.

The overall economic context is also highly pertinent. Higher unemployment, the implications of the welfare reform proposals currently before the Westminster Parliament, and the high cost of accessible childcare are all likely to contribute to increasing child poverty, for those in work and out of work alike. Aside from its damaging social consequences, a rise in child poverty will reduce the likelihood of the Scottish Government being able to meet key obligations, not only in respect of its own child poverty strategy, but also in terms of compliance with the UK Child Poverty Act, the National Reform Programme on social exclusion and the EU 2020 strategy for economic growth. Targets set in the EU 2020 strategy on reducing early school leaving and lifting people out of poverty are more likely to be achieved if investment is made in effective early childhood provision. The European Commission ECEC Communication referred to above sees this investment as not only critical to the development of effective and efficient modern economies, but also crucial in delivering on the EU 2020 targets.

Investment in early years services can also make a significant and timeous contribution to economic recovery in several ways. Firstly, reducing out-of-pocket childcare costs will have an immediate impact on child poverty, much more prevalent among families with children under five than those with older children². Secondly, expansion of affordable, accessible childcare will allow more parents to enter the workforce, with concomitant reductions in benefit claims and increases in tax and national insurance revenue. The recent decrease in the number of women in the workforce would, in particular, be positively affected by such a step.

Of course, we recognise that under present arrangements not all revenue would not directly accrue to the Scottish Government. Children in Scotland has repeatedly pointed out the strategic and operational difficulties resulting from this unhelpful disconnection. As the Scottish Government continues to negotiate with Westminster in respect of increased powers, however, the transfer of such resources could be usefully included in discussions.

A rise either in the extent or severity of child poverty will inevitably increase the demand for support services, at the very time that budget cuts are diminishing

² McKendrick et al, *Poverty in Scotland: towards a more equal Scotland* (CPAG 2010, pp161-6)

their availability. Children in Scotland members have already indicated that local authority grant funding, particularly for non-statutory interventions, has been reduced. This has resulted in the closure of some services and reductions in the capacity of others. *Protection in the Scottish budget for services that have a proven track record in preventing or diminishing child poverty, and the adverse early experiences that frequently co-occur with it, would be a helpful starting point.*

To have meaningful and sustainable impact, however, it is critical that the budgetary commitment goes well beyond avoiding service reductions. It is essential that substantial further investment is made. Countries that have provided high quality services for pregnant women and for children in their early years have achieved much greater economic, social and health equality among adults, and progress towards this is shown at every point in a child's journey to adulthood. Children who are born healthy and have to deal with the fewest and least severe adverse childhood experiences have a far lower incidence of: educational failure; physical and mental health problems; alcoholism and drug addiction; leaving school without qualifications; anti-social and disruptive behaviour; and, dysfunctional lifestyle choices.

It is equally clear that there are lifelong benefits from positive early experience including lower incidence of mental illness, less involvement in crime and fewer people suffering physical health problems arising from poor diet, lack of exercise, smoking, and alcohol and drug use. All these outcomes, of course, mean that less public money needs to be spent to address the consequences of problems that were prevented.

There are many studies which have calculated the potential savings, one of the best-known being by the Nobel prize-winning economist, James Heckman³ who projected that investment in the right kind of early years provision would generate seven times its value in avoiding the need for future interventions. What no research or economic model has suggested, however, is that these good outcomes have been – or can be – achieved by small-scale projects, very specific targeting, ring-fencing a small proportion of the overall budget, or speculative, time-limited funding.

What has made the difference is provision of good-quality, integrated early childhood care and education for **all** children, available from birth to school entry. As well as ensuring that children's development is positively promoted, all parents/carers receive appropriate and proportionate support for providing a nurturing and stimulating family environment.

³ Cunha F, Heckman J J, Lochner L and Masterov D V. , 'Interpreting the Evidence on Life Cycle Skill Formation', NBER Working Paper Series, National Bureau of Economic Research, Cambridge, MA, USA, May 2005

It is clear, then, that investment in early years should be a top priority for the 2012/13 budget. This investment should be the first step on the road towards the availability of full-time early childhood education and care for all families with young children (when desired or needed) within a defined time frame. Not only would this benefit the children and families receiving the service, but it would also ensure Scotland's compliance with the EU's Barcelona targets, of which Scotland falls far short, and, indeed, fulfil the Government's manifesto commitment of 'childcare for all'.

Implicit in such an approach would be the adoption of a national 'charging policy' - a framework for setting the parameters for childcare costs and relating them to family income. A realistic calculation of the cost of providing this cap on parental out-of-pocket expenses to all families should be made, including within this the cost of providing additional services to families whose children will start to fall behind developmentally without such an early intervention. The latest findings of 'Growing Up in Scotland' show that children in the least advantaged social and economic circumstances are not only well behind the most advantaged in cognitive ability at age three, but are also further behind at age five⁴.

This means that while less advantaged children may well benefit to some extent from their statutory pre-school education entitlement, more advantaged children benefit even more. This is not consistent with the Scottish Government's national outcomes; specifically, 'our children have the best start in life and are ready to succeed' and 'we have tackled the significant inequalities in Scottish society'. Preventing already disadvantaged young children from starting out (and ending up) far behind their more advantaged peers can be achieved, but only through major, new public sector investment in European-style early childhood education and care (ECEC)⁵, properly adapted to the Scottish context. The kind of minor, modest (albeit well-intentioned) pilot projects currently dominant in Scotland are incapable of bringing about 'transformational change' in the early years advocated by the Scottish Government, CoSLA and opposition parties. Therefore, they also are incapable of delivering on the promise to reduce inequalities.

Coordinated approaches to early childhood education and care are therefore necessary, particularly in the birth to three period, when rapid brain development takes place – and yet, when access to child health, learning and development services is most patchy and inconsistent across (and even within) local authority areas. Fragmentation of funding, management and service delivery wastes scarce resources and undermines a holistic approach to children's healthy development. The EC Communication on Early Childhood Education and Care

⁴ Growing up in Scotland: Changes in child cognitive ability in the pre-school year 2011

⁵ Children in Scotland Early Years Briefing Paper 3: Early Childhood Education and Care (June 2011)

underlines the importance of developing the 'social dimension' of education – such development would be entirely congruent with Scotland's Curriculum for Excellence and the Early Years Framework.

It is important here to consider the question of targeted services. When resources are tight, specific targeting and criteria for accessing services can seem to offer a means of getting help to those who need it (and avoid spending money on those who would manage without it). This is a dangerous assumption for a variety of reasons. Firstly, probability for groups is not the same as predictability for individuals. A privately educated child in an affluent family with university-educated parents is, of course, statistically more likely to get into university than the child of an unemployed, unqualified single teenage mother living in a disadvantaged housing scheme. This does not mean all of the former will go to university, but neither does it mean that none of the latter will. There are heroin addicts from affluent backgrounds and university graduates from the poorest circumstances.

Universal provision, in which the needs of every child and family can be properly assessed and individually addressed must be the eventual objective. The EC Communication on Early Childhood Education and Care unambiguously states that, *"There is clear evidence that universal access to quality early childhood education and care is more beneficial than interventions targeted exclusively at vulnerable groups. Targeting early childhood education and care poses problems because it is difficult in practice to identify the target group reliably, it tends to stigmatise the beneficiaries and can even lead to segregation at later stages of education."* It also points out that targeted services are also more likely to be withdrawn both as families' eligibility varies over time, and because they are vulnerable in times of pressurised budgets.

If a preventative approach is prioritised, greater imagination should be applied to its resourcing. Sources of funds outwith existing children's services budgets should be used, such as EU structural funds (as has been done in many other EU countries), other elements of national and local government expenditure, and currently untapped local and national tax-raising powers.

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The Scottish Government has emphasised an outcomes based approach approach through both the National Performance Framework and Single Outcome Agreements. What, if any, additional national and local indicators would you like to see as a means of supporting the shift towards a greater focus on preventative spending?

Existing information systems and reporting requirements generate exceedingly limited information capable of demonstrating whether or not a greater focus on preventative spending was being achieved, or whether expenditure is resulting

in positive and sustainable change for children. There is no baseline information on what amount (or percentage) of governmental spending at any level goes towards preventative spending. Accordingly, it will be impossible to determine whether – and to what extent – more public spending is supporting preventative work in the years ahead until this baseline budgetary information is produced. While it would be possible to identify new preventative spending, that alone will not reveal very much useful information. At this time of public spending reductions, it is entirely feasible that any new spending will be offset by cutting budgets for other, equally valuable, current preventative spending – resulting in a net ‘preventative spend’ that is static or even declining over time.

There is also little in the way of useful nationally aggregated data on the health and well-being of pre-school children. Of forty-five national indicators, only one relates exclusively to this age group (‘Increase the proportion of pre-school centres receiving positive inspection reports’) and is an input rather than an outcome measure. Compared to both the number and nature of indicators relating to older children and adults, there is a dearth of information on young children.

The Scottish Government recently produced a set of data and indicators to underpin the Early Years Framework, some of which are collected nationally by the NHS Information Services Division. Of the thirty-three datasets proposed, only three both refer specifically to pre-school children and are currently collected nationally. Of the three, only one (low birth weight) is a child well-being measure. The other two (breast feeding and immunisation) are valuable input measures. Having said that, other performance measures in an overall data strategy – milestones, such as progress in expanding services, and qualitative information, such as parental satisfaction with provision – clearly are needed. Monitoring the effectiveness of any new legislation in respect of early years will be impossible without considering how this information gap is to be addressed.

What is more important than the pattern of spending, however, is whether problems are *actually being prevented*, rather than temporarily ameliorated (or merely covered up). To show whether or not we were moving in the right direction, a number of robust outcome measures would be advisable, to answer the crucial ‘so what?’ question in relation to the efficacy of whatever is labelled as ‘preventative spending’. The Scottish Government’s signal that ‘preventative spending’ is desirable may trigger a rebranding of current work as ‘preventative’, even if it has little connection to ensuring that problems do not arise in the first place. We suggest that the following clarifying information is needed:

1. A clear definition of what constitutes a *preventative* allocation, based on research evidence and demonstrated good practice from anywhere it has been successfully employed -- and including a reasonable explanation of whatever negative outcome is being prevented by such expenditure.

2. An analysis of the current patterns of 'preventative' expenditure at all levels of government in Scotland.
3. A list of preventative spending that distinguishes among the different types/levels of 'prevention', i.e. at least 'primary', 'secondary' and 'tertiary' prevention.
4. A calculation as to the proportion of total expenditure that is allocated to preventative public spending.
5. Ambitious and unambiguous targets for different types of preventative spending.
6. The balance between preventative and non-preventative services and how it should change over time.
7. Assessment of long-term impacts of preventative actions. While, in general terms, the characteristics of services that appear to reduce or prevent problems are known, they have not always been evaluated and compared to ensure that the best and most appropriate approaches are taken. It is also essential that the sustainability of positive change is measured. Many interventions deliver short-term improvement, but this impact often reduces over time, particularly where support is not ongoing. Targets also need to be set that are sufficiently ambitious in both providing healthy development and improved wellbeing for children and in reducing the incidence of costly and potentially avoidable problems.
8. Both whole population measures and the experience of specific groups are needed to assess the impact of preventative actions. Data on children's healthy development (physical and cognitive) is needed. The re-introduction of periodic universal health surveillance is helpful, but could be expanded and should also collect and aggregate child development data on a nationwide basis. Most importantly, however, existence of risk (or evidence of incipient problems) should generate an effective service response. This is in line both with the Early Years Framework and with the principles of Getting It Right For Every Child.

The Scottish Government's response to the Committee's [Report on preventative spending](#) stated that: "The Spending Review that will follow the Scottish elections in May will provide another opportunity for the Scottish Government to support delivery agencies in their efforts to increase the proportion of their budget dedicated to preventative activity." What support should the Scottish Government provide in its spending

review to support delivery agencies in increasing preventative activity?

The Scottish Government should, firstly, commit to the availability of universal early childhood education and care (ECEC) to the parents/carers of all young children, staffed by appropriately qualified (degree level) professionals, with extra support offered to those children in greater need or at greater risk. The nature of this service in terms of operating hours, charges/subsidies, range of interventions offered, workforce qualifications and curriculum should be specified. Underpinning this with legislation would be a helpful step and in line with the intention to introduce statutory duties in respect of early years provision.

The recent EC Communication on Early Childhood Education and Care (referred to previously) affirms the 2002 Barcelona targets of entitlement to full-time day places in formal childcare for at least 90% of children aged between three and compulsory school age, and at least 33% of children under three. Scotland, counted as part of the UK, has not met either of these long-established targets, providing full day formal services for only 5% of children under three and 24% of children from three to compulsory school age. Far from being a luxury Scotland cannot afford, progress towards these targets is essential both to economic growth and future well-being. Other EU members with lower levels of GDP, such as Slovenia and Croatia which joins in 2013, have acknowledged the crucial nature of such provision and developed services accordingly⁶. Again, progress towards these targets would contribute to attaining the EU 2020 targets in respect of early school leaving and reducing poverty.

It is necessary, but far from sufficient, for early years legislation merely to increase the hours of publicly-subsidised childcare available to three and four year olds. 'Transformational change' and a preventative spending strategy must give at least equal attention and resources during the 'pre-birth to three' period. From taking seriously the prevention potential of robust **pre-conception**⁷ health and health care, to devoting new investments to improving the lives and life chances of one and two year olds (and their parents/carers) governmental support at all levels must focus on the times and situations in which preventative spending can, and will, have the most powerful and positive impacts.

Agreements among public bodies (Single Outcome Agreements or equivalent) must specify the time frame within which they will achieve the results that matter, with (of course) milestones established along the way. There should be some clarity both in terms of incentives to deliver these outcomes, and also in terms of the consequences for failing to do so.

As stated previously, robust baseline and evaluation data will be needed to

⁶ Changing Services, Changing Lives (Children in Europe, September 2011)

⁷ Children in Scotland Early Years Briefing Paper 2: Preconception (pre-pregnancy) Health (April 2011)

demonstrate progress. Delivery (and commissioning) agencies should be required to have systems in place to gather, aggregate and analyse these data.

The other structural challenge for the Scottish Parliament and Scottish Government in making a focus on preventative spending real is how to do so when Parliament approves the Scottish budget in very large blocks that do not distinguish between preventative and crisis/curative spending. Until budgets are created and presented in ways that highlight this distinction – a step forward that is feasible – it will be very difficult to enforce a preference for preventative spending.

One interim step would be for the Scottish Parliament and Scottish Government to create and administer a large 'Change Fund' that can only be spent on preventative provision in the pre-birth to pre-primary school years. We are suggesting a pool of funds at the national level for which local authorities, regional NHS Boards and third sector organisations compete, but are not compelled/obliged to engage with at all.

This Change Fund must be large enough to serve two purposes – first, to refocus thinking and planning among potential recipients toward early years preventative spending and, second, to supply sufficient resources for a long enough time to make the aspired-to 'transformational change' a reality for successful bidders. Appropriate activity would involve whole-authority approaches to building on existing mainstream services. For example, authorities could extend pre-school provision incrementally to younger children, in order to support their healthy development and to meet parental requirements for care. This could possibly be done in partnership among public agencies and community services.

Other potential developments would include systemic approaches to upskilling the workforce. This should include the development and extensive adoption of the 'Scottish Pedagogue' model, a distinctly Scottish version of the 'social pedagogue' qualification explored as part of the recent Scottish Government funded Working it Out debate. Staff holding this qualification have been found to contribute very effectively to good early development and family support through paying greater attention to the 'whole child' in his/her social and family context. As 'Growing Up in Scotland' has shown, shortcomings in taking this kind of holistic approach result in differences in attainment emerging very early in life, and, even more importantly, persisting and worsening through the life cycle.

A large early years preventative Change Fund explicitly should not merely replicate the current tendency to fund short-term, pilot, direct service projects in a patchwork of local communities. Rather, it should sow the seeds for a different and better *system* of early childhood education and care that is joined up with

child and maternal health promotion, e.g. by recognising the contribution of ECEC services to addressing child obesity and contributing to better understanding of issues such as preventing fetal alcohol harm⁸ and through improving preconception health.

What long term planning is carried out to fully deliver on preventative preventative spending strategies and how do you plan for this within short term budget periods?

Our answers above are intended to take account of both short-term progress and eventual long-term objectives. It is important to recognise, however, that the benefits of a preventative approach to service provision are not only realised in the long-term. For example, effective preconception health and health care yields major benefits – and saves major amounts of public spending – within one year (and continues to deliver long-term benefits for children, families services and the public purse). To cite another example, under our present, fragment and inadequate early years ‘system’, some children have already fallen well behind by the age of five. Preventing this problem from continuing will mean that fewer reactive or remedial interventions will be needed, such as learning and behaviour support in early primary school. Again, this both helps children and saves money in the here and now.

What baseline evidence is used to measure preventative outcomes?

Our answer to the second question highlights Scotland’s absence of meaningful baseline data. Inadequate information may well be a function of fragmentation and under-development of services. Effectively addressing this issue is an essential component of knowing whether Scotland’s public services are doing their job in preventing problems. We believe that the measures we have outlined above are necessary to the effective delivery and evaluation of a preventative approach. What should not be done, however, is to try to find proxies, substitutes or approximates among datasets that happen to be currently collected. They simply do not contain the information required.

In oral evidence to the Committee, COSLA stated that: "we want budgets to be thought of more as being part of the public purse than as belonging to the council or NHS". To what extent are you able to pool your budget, or even reallocate budgets to other agencies, and make joint spending decisions through initiatives such as the Integrated Resource Framework?

⁸ Children in Scotland Early Years Briefing Paper 1: Fetal Alcohol Harm (April 2011)

As a charitable organisation, this does not apply to Children in Scotland directly. However, we have already articulated the well-evidenced value of integrated approaches to strategy, funding, oversight, management and operational service delivery. Our recent cross-European research project 'Working for Inclusion' showed that countries that achieved the best outcomes for young children, their families and the public purse were those who had minimised or eradicated such organisational divisions in dealing with early childhood. Fully integrated early years services, associated with high levels of universal entitlement and a high quality, well paid workforce are a key indicator of a country's success in reducing child poverty and promoting social inclusion. In partial or fragmented early years systems, children under three and their families experienced a poorer standard of care with less equal access to all families and more poorly educated and poorly paid staff. To quote from the research findings, "Split systems are unequal systems, unequal for children, parents and the workforce"⁹

The Committee will be writing separately to individual Community Planning Partnerships but would welcome views from other interested organisations on what elements should be in the spending review and the 2012-13 draft budget to support more effective collaborative working in moving towards a more preventative approach to public spending?

Please see our answer to the previous question.

How can good examples of collaboration be encouraged and shared nationally across key agencies and what is the role for the Scottish Government here?

Children in Scotland has been instrumental in identifying and disseminating good practice and research evidence in respect of early childhood and the interventions and services that meet young children's needs most effectively. Leadership in ensuring that such knowledge is well known, understood and incorporated into strategy, service planning and resource allocation would be a critical role for the Scottish Government.

It is worth bearing in mind that, without improving data collection and analysis in the ways we have suggested above, understanding of what constitutes 'good examples' would be compromised. Robust evaluation and comparison should not only highlight best practice, it should also identify interventions and services that demonstrate no or limited effectiveness. The Scottish Government should

⁹ Working for inclusion: how early childhood education and care (ECEC) and its workforce can help Europe's youngest citizens (Children in Scotland 2010)

lead on the elimination of wasteful and ineffective services as well as on the adoption of best practice. This would also free up resources for increased preventive spending.

The Scottish Government should also ensure that bodies to which it disburses public funds are accountable, in a meaningful way, for their effective and efficient use of these funds. Targets must be sufficiently ambitious to achieve 'transformational change'. A very modest improvement on what was already a low baseline is not 'transformational'. The Government should also consider how it creates incentives for doing well. At the moment, there are no adverse consequences for public bodies that fail to deliver an adequate level of positive change and no real incentives to meet or exceed stated targets.

Progression of workforce development is another area where the Scottish Government should have a pivotal role. Children in Scotland carried out, on the Scottish Government's behalf, the 'Working it Out' study¹⁰. This study concluded that the development and roll-out of a 'Scottish pedagogue' qualification, with its more holistic emphasis on positive child development, would enhance the workforce in ways that would directly benefit children and families. Embarking on and embedding this approach would be an important role for the Government.

As the 'umbrella' organisation for the children's sector in Scotland, drawing our members from the public, voluntary and independent sectors, Children in Scotland provides training, seminars and publications that promote collaboration and share knowledge of what works best for children. We are ideally placed to support the Scottish Government in taking forward what is an undeniably challenging, but uniquely valuable, opportunity to change our nation for the better. We would be happy to offer additional evidence and examples drawn from our membership as work around preventative spending continues. We attach a briefing we have prepared on the EC Communication on Early Childhood Education and Care (COM (2011) 66) and an article describing developments in Croatia.

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¹⁰ Working it out: Developing the children's sector workforce (Children in Scotland 2008)

Children in Scotland is the national umbrella agency for organisations and professionals working with and for children, young people and their families. It exists to identify and promote the interests of children and their families and to ensure that policies and services and other provisions are of the highest possible quality and are able to meet the needs of a diverse society. Children in Scotland represents more than 400 members, including the majority of Scottish local authorities, all major voluntary, statutory and private children's agencies, professional organisations, as well as many other smaller community groups and children's services. It is linked with similar agencies in other parts of the UK and Europe.

The work of Children in Scotland encompasses extensive information, policy, research and practice development programmes. The agency works closely with MSPs, the Scottish Government, local authorities and practitioners. It also services groups such as the Cross Party Parliamentary Group on Children and Young People (with YouthLink Scotland). In addition, Children in Scotland hosts Enquire - the national advice service for additional support for learning, and Resolve: ASL, Scotland's largest independent education mediation service.