

Brighter Futures

Financial modelling

January 2022

Executive Summary

Brighter Futures exists to **improve outcomes** for young people and while there is a sound financial case for the investment it is important to recognise that the service is ultimately intended to **make life better for young people** and help them become the best adults they can be.

- Brighter Futures recognises the need for a whole-systems approach to supporting young people and this is reflected in the wide array of services that benefit from the programme and the multiple ways in which young people benefit - including health, education, employment, and safety. This supports the programme's aim to make Newham a place young people want to live.

There is robust evidence to show that services like those provided through Brighter Futures can lead to **better lives for individuals and reduced service demand across many public services**. Examples include mental and physical health, reductions in hospital admittance, reductions in antisocial behaviour and crime, fewer school exclusions and missing episodes, less truancy, and improved individual, familial, and social relationships.

- The different services support young people from birth through to adulthood. However, evaluations of services differ in what outcomes they measure and some services are not intended to have short-term and immediate impacts. When analysing the costs and benefits of programmes this is important because it can skew the assuming impact of a service - for example, much Children's Health evaluation work investigates long-term earning potential rather than shorter term benefits. It is important to be aware that this analysis has been conducted using known impacts from service evaluations which will skew perceptions of services that either have not been formally assessed or which aim to reach a different outcome.

Executive Summary

An analysis of the overall costs and benefits of the Brighter Futures programme of work shows that in the long term the **benefits greatly outweigh the costs**. For every £1 spent, Brighter Futures is delivering a **fiscal return on investment of around £7** (£4.51-£9.22 depending on underlying assumptions).

- The range is determined by several assumptions that need to be considered when interpreting the analysis:
 - The findings are **based on available data** for the Brighter Futures programme and the data is, in some instances, limited due to the Directorate being new. These figures may not truly represent future costs as they are based on delivery during the Covid-19 pandemic.
 - The evidence used to measure the impact of some activities is often based on evaluations of similar implementations that have been **robustly and independently evaluated**. In some instances, these studies are relatively old (5-15 years) but the most recent evidence available has been used. A compensating factor is used to reduce the estimated effectiveness of such programmes by up to 40% to avoid overestimating the efficacy of current interventions.

Given the nature of the Brighter Futures programme it is not surprising that the financial beneficiaries (through avoided costs) are often public services such as the NHS, Police, and DWP who will realise both short and long term benefits from the work being done.

- As the analysis is largely based on evaluations conducted of similar activities in other settings there may be a bias in the evidence towards the outcomes of specific interest in those cases. For instance, evaluations of youth work programmes have analysed both short term outcomes such as immediate employment or reductions in youth offending in the short term, whereas evaluations of Early Help for example have primarily focussed on evidencing the long-term outcomes of the activity. While it is obvious, it is worth stating that the YES is able to have a shorter-term impact on the likelihood of individuals to find employment than a programme targeting 0-5 year olds.

Overview of the approach

Cost Benefit Analysis (CBA) has been used to take into account the **multi-partnership approach and whole system vision** of Brighter Futures. To do this, we have used the **Greater Manchester CBA Model** which has been recognised nationally as best practice in its approach to articulating the fiscal, economic, and social value of interventions. It was also supplementary guidance to **HM Treasury's Green Book** in 2014.

CBA is increasingly seen as a core element of the development of **new ways of working**, especially for those focused on **driving forward a more fundamental change to business as usual**. The model has been developed to enable it to work **pre, during and at the end of delivery**. This means that it offers flexibility to accommodate all BF services using either:

- Projected service use or targets (either to account for post-Covid capacity or because no historic data exists)
- Information already collected on actual use and impact on service users

The CBA model is used to understand the value for money provided by specific services or interventions, and the extent to which these approaches might **generate savings and improved outcomes**. It provides an understanding of the economic benefits to LBN and wider statutory partners.

Overview of the approach

As part of the wider piece of work that Crest Advisory has been commissioned to provide, the **financial modelling** described in this report has been conducted to:

- Assess the **impact of Brighter Futures (BF)** current services and interventions
- Provide **evidence on the benefits of investment** in terms of future financial savings
- To act as an evidence base for **continued and future investment** in the BF programme

The Greater Manchester CBA approach is supported by a unit cost database* of more than 600 unit costs across crime, education and skills, employment, health, housing, social services, and energy. Where necessary Crest have sourced robust and validated research to augment the database with updated or appropriate costs for specific interventions.

The **Brighter Futures Directorate Services** are focused on early prevention and are demonstrative of LBN's financial commitment to reform; moving investment upstream and **putting the child first**. The analysis is conducted for these services and covers:

- **Youth Empowerment Service**
- **Youth Safety**
- **Early Help**
- **Children's Health**
- **Early Years and Children's Centres**

**The data have been subject to a rigorous validation process, including assessing the robustness of the original source documentation, considering how data have been derived from constituent cost elements, comparing cost entries to related data, and exploring the availability of more recent and/or robust sources. The data have also been reviewed by analysts from relevant Whitehall departments.*

How a Cost-Benefit Analysis works in practice

The financial and social benefits of a programme are calculated using the formula below.

Usage figures for each service

Service evaluations (local or national)

Cost avoided

Affected population / number of incidents

X

Proportion of population who **are and remain engaged**

X

Proportion of individuals who **attain the outcome**

Proportion of individuals who would have attained the outcome anyway (**deadweight**)

-

This amounts to the proportion individuals who attained the outcome **because of the programme**. I.e. it removes the effects of other programmes and **avoids double counting**

X

Fiscal benefit*

=

Fiscal benefit of programme

***Optimism bias correction:** A modifier is incorporated if the evidence is not based on a robust evaluation of the specific implementation being costs.

X

Economic (public value) benefit*

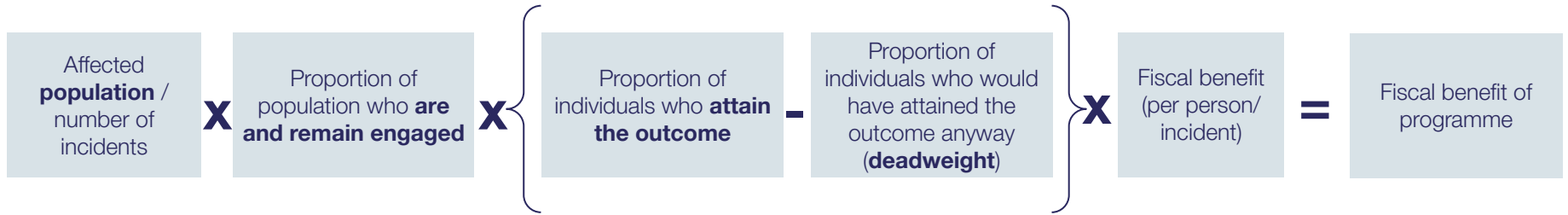
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Economic benefit of programme

Fiscal benefit: savings to the public sector that are due to a specific project - largely made up cashable savings (i.e. reduction in expenditure due to the outcome being achieved)

Economic (public value) benefit: wider social benefits including gains to society such as improvements to general health, family well-being educational attainment, access to transport or public services.

Example - Mental health improvement due to YES engagement

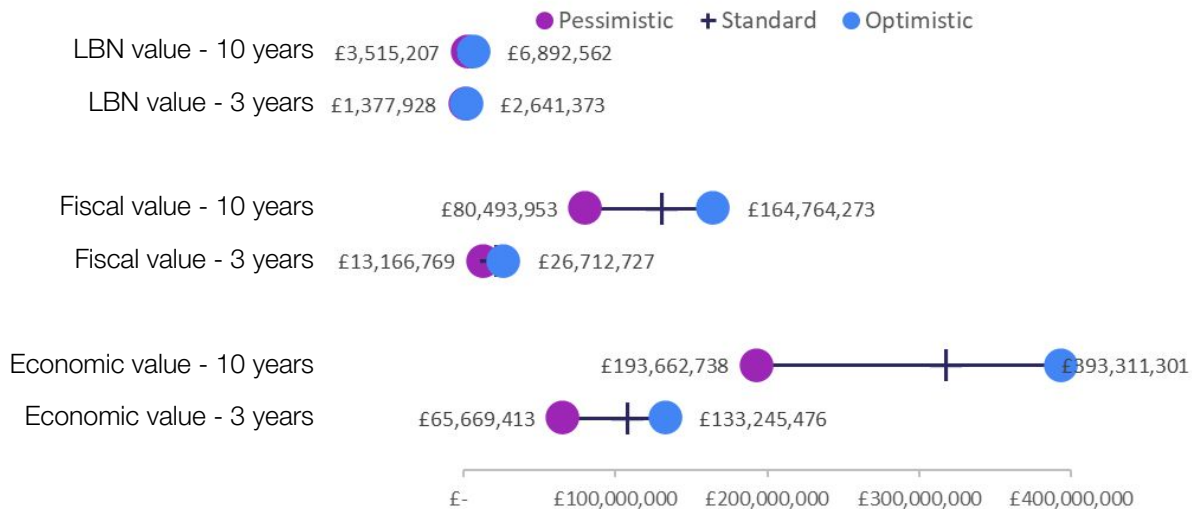


Brighter Futures represents a substantial investment by LBN in the children and young people of the borough which delivers substantial benefits - both fiscal and social - to the people of Newham.

Throughout the report, three models are provided for each service based on **pessimistic**, standard, and **optimistic** assumptions. The figure below shows how these assumptions give a range of credible values for the benefits being presented and a range for the ROI.

Pessimistic projections have used a reduced retention of 85% the standard rate and used a 40% optimism bias correction.
Optimistic projections maintain the standard retention rates and have removed the optimism bias correction completely.

Financial impact of 1 year of Brighter Futures spend



Return on 1 year of Investment over following 10 years. Every £1 spent returns:

Assumed annual spend: £17,865,334

Standard Assumptions	Range
£0.34	£0.20 - £0.39
£7.32	£4.51 - £9.22
£17.80	£10.84 - £22.02

Agencies included in benefit calculation
Local authority (LBN)
NHS
Police
Probation
Courts/ Legal aid
Prisons
Other CJS
DWP
HMRC
Schools
Housing providers
Victims Services

Youth Empowerment Service

Notes and assumptions

- The service usage figures for the Youth Empowerment Service are based on a project total of 11,500 individuals engaging with YES annually. This is derived from recent usage figures and incorporating projected service levels going forward.
- As the number of unique individuals engaged by different programmes within the YES are not available at a disaggregated level, the total number has been used throughout the analysis to avoid double-counting.
 - As the evaluated effects of the programmes are based on real-world outcomes, the effects of earlier interventions are “baked in” - i.e. the benefits of, say, childhood health programmes are already accounted for within the proportions of individuals who achieve the outcome and the deadweight of individuals who would achieve the outcome without intervention.
- Costs include both salary and non-salary expenditure
 - Non-salary costs include expected annual costs for Youth Zones, Children’s Rights Advocacy Service, LBN Commissioned Youth Programmes, Detached YES, Return Home Interviews, Duke of Edinburgh scheme, Participation and Engagement, Holiday Activities and Food Programme, Youth Empowerment Fund.
- Long-term benefits are accrued over the 10 year window of the analysis to ensure the full benefit is realised in the model - for example, the long-term benefits of improving self-esteem and confidence among young people will likely impact over more than a 10-year window but to ensure the full benefit is reflected in the analysis the modelling has assumed that the full benefit will be realised after 10 years.

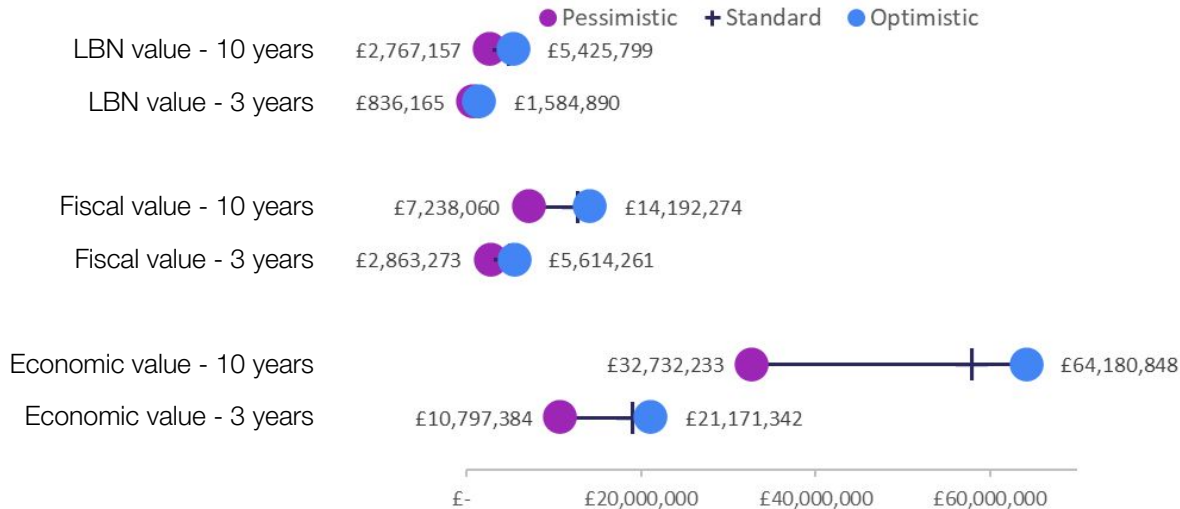
Evidence of benefits has been taken from various studies into the types of activities conducted by YES.

Expected outcomes	Evidence
Increased employment	DWP response to parliamentary questions (HC Deb 6 February 2013, vol 558, col 352W)
Improved mental health	“Paying the Price - The cost of mental health care in England to 2026” - Kings Fund
Reduced A&E attendance	National Schedule of Ref. Costs 2017-18 for NHS trusts and NHS foundation trusts
Reduced antisocial behavior	LSE Report into cost of ASB 2003
Reduced drug dependency	National Treatment Agency for Substance Misuse, 2012
Reduced persistent truancy	NPC Misspent Youth report (2007)
Reduced school exclusion	
Improved physical well-being	The cost of late intervention (2016) Technical report
Reduced youth offending	The cost of a cohort of offenders to the criminal justice system
Reduced missing episodes	Establishing the Cost of Missing Persons Investigations (Greene & Pakes, 2012)
Improved emotional well-being	
Improved family well-being	
Improved confidence/ self-esteem	Bespoke analysis carried out by New Economy Manchester

LBN has made a significant investment in the Youth Empowerment Service but there is good evidence that the work being done is effective.

Evaluations of similar initiatives have show substantial benefit for young people as well as a good return on investment for the local authority and wider services.

Financial impact of 1 year YES



Return on 1 year of Investment over following 10 years

Assumed annual spend: £2,429,721

Standard Assumptions

£2.01

Range

£1.14 - £2.23

£5.26

£2.98 - £5.84

£23.80

£13.47 - £26.41

The YES is long-term investment in young people and will realise both short and long-term benefits for the young people engaged, LBN, and wider services.

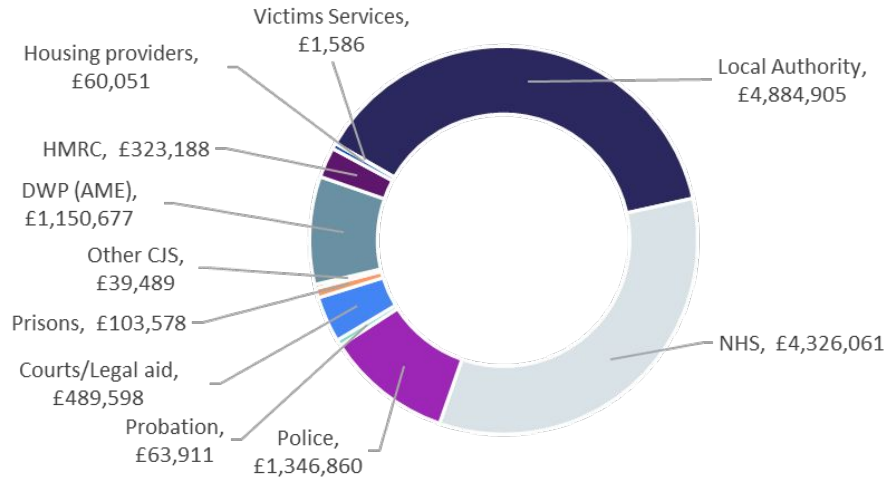
In the short term, the skills and experience developed through the YES is estimated to support 54 young people a year into employment who would otherwise not have joined the workforce. This has immediate expected financial benefits for HMRC and DWP.

In the longer term, approximately 1400 young people are less likely to need mental health interventions and A&E attendance is expected to approximately 1300 people fewer due to young people's engagement with the YES.

The Return Home Interview process is expected to avoid 54 missing persons cases a year and an estimated 400 truancy and 400 school exclusions are estimated to be avoided.

Previous evaluations of youth work have also found substantial improvements in individual well-being and family well being. These have substantial value both for the individuals involved and for wider society, as evidenced by bespoke analysis carried out by New Economy Manchester as part of the development of the Greater Manchester CBA tool.

Benefit accrual by agency - YES spend



Youth Safety

Notes and assumptions

- The analysis for this section covers Mentoring 4 Success, The Youth Safety Schools Offer and Transitions Pilot, Comedy School, and PCEHH.
- Data for Mentoring 4 Success is based on the first six month overview and projected forward to a full year.
- While the Youth Safety Transitions pilot has an associated cost, the wider Youth Safety Schools offer largely sits with the MPS who have agreed to deliver the programme.
 - The cost to the MPS is not included in this analysis as an accurate estimate was not feasible but it is anticipated that the MPS would contribute four officers to deliver the programme.
- The PCEHH has been included in this section as the costs fall within Youth Safety though it is recognised that there is substantial work across both Youth Safety and EH&CH to deliver this work.
- Given the very recent implementation of some of the programmes in this area, both benefits and costs should be revisited for these services once more robust cost and usage figures have been collected after at least one year of the initiatives running.
 - At present a 10-25% “optimism bias correction” has been applied to the benefits across these programmes depending on the robustness of the evidence for their effectiveness against each outcome. It is likely this can be reduced if not removed once more evidence is collected.

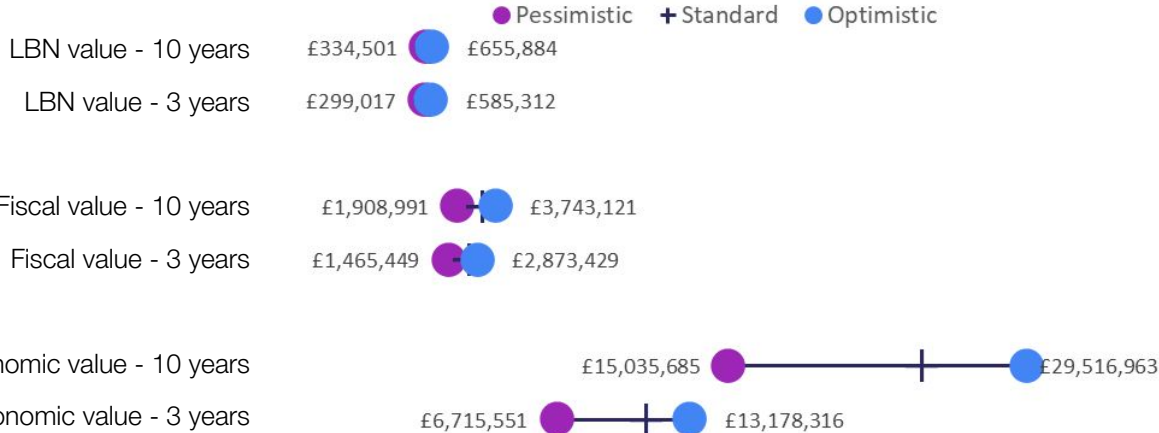
Evidence of benefits from Youth Safety activities

Expected outcomes	Evidence
Improved mental health	“Paying the Price - The cost of mental health care in England to 2026” - Kings Fund
Reduced A&E attendance	National Schedule of Ref. Costs 2017-18 for NHS trusts and NHS foundation trusts
Reduced antisocial behaviour	LSE Report into cost of ASB 2003
Reduced crime	The Economic and Social cost of Crime, Second Edition (Home Office 2018)
Reduced persistent truancy	NPC Misspent Youth report (2007)
Reduced school exclusion	
Improved confidence and self-esteem	Bespoke analysis carried out by New Economy Manchester
Positive functioning (autonomy, control, aspirations)	
Improved family relationships	
Improved sense of trust and belonging	

The Youth Safety offer covers a range of benefits from tangible outcomes such as reductions in knife carrying and violence through to greater well-being, personal confidence, and social trust and belonging

Reduced truancy, exclusions and improved mental health and well-being drive short term benefits for LBN directly; making the Youth Safety offer a worthwhile investment if it does deliver on the expected outcomes - a more robust evaluation of the programmes once they have had time to bed-in would be advisable.

Financial impact of 1 year Youth Safety



Return on 1 year of Investment* over following 10 years

Assumed annual spend: £453,185

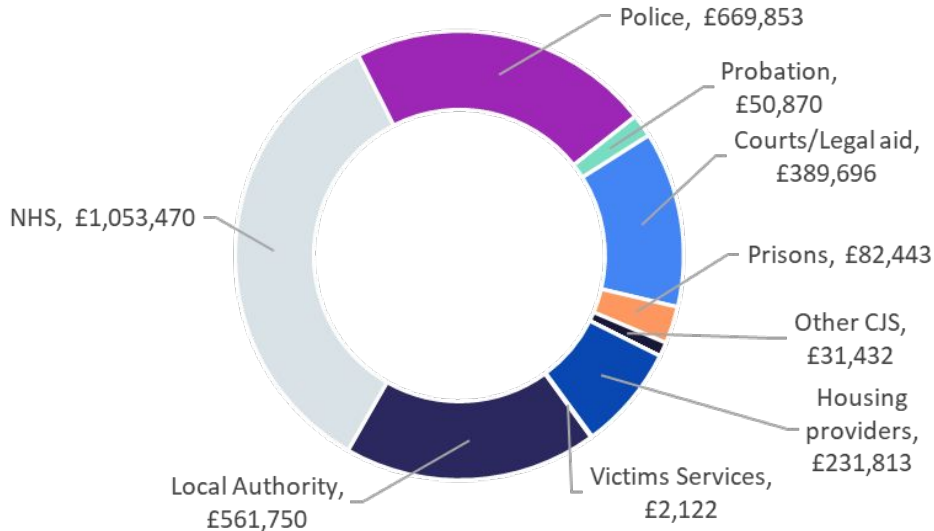
Standard Assumptions	Range
£1.24	£0.74 - £1.45
£6.78	£4.21 - £8.26
£53.86	£33.18 - £65.13

*NOTE: costs do not include MPS costs to deliver Youth Safety offer - expected to be four officers

The Youth Safety programme of work greatly benefits both the NHS and MPS in terms of the costs avoided due to better well-being and reduced harm

The short-term benefits such as reductions in school exclusions and violent incidents from immediate changes in behaviour are largely fiscal benefits which will be realised by multiple agencies.

Benefit accrual by agency - Youth Safety spend



The benefit to the NHS is largely driven by expected improvements in mental health and thus a reduction in the need for intervention.

Approximately 1200 young people who might otherwise have needed mental health service support are estimated to avoid using those services after engaging with the Youth Safety programme of work.

There is also a smaller benefit from an expected avoidance of 50 A&E attendance and around 1200 fewer offence-related incidents which also provide a substantially saving to the police and wider criminal justice system.

The wider social impact is even more substantial, but also longer-term.

The social/economic value of improved community well-being (measured as a sense of trust and belonging) is estimated to be worth over £7.4 million, while the impact of improving confidence and self-esteem of young people accounts for £4.2 million of the nearly £22 million in economic value expected over the next 10 years.

Early Help

Notes and assumptions

- Evaluations of Early Help services have largely focussed on the overall outcomes from the “basket of services” on offer and as such the analysis has been conducted in the same way where possible in order to avoid double counting the benefits of aligned services.
- Some costs are based on current service provision for new initiatives such as the Early Help Hub. Both benefits and costs should be revisited for these services once more robust cost and usage figures have been collected after at least one year of the initiatives running.

Evidence of benefits for Early Help

Expected outcomes	Evidence
Increased employment	Improving Families' Lives: Annual Report of the Troubled Families Programme 2020-20211
Improved mental health	Improving Families' Lives: Annual Report of the Troubled Families Programme 2019-2020
Reduced antisocial behaviour	
Reduced crime	Improving Families' Lives: Annual Report of the Troubled Families Programme 2020-2021
Reduced incidence of domestic violence	Triple P Positive Parenting Programme; DfE Section 251 data; DfE 901 return data
Increase incidents of taking children into care	Improving Families' Lives: Annual Report of the Troubled Families Programme 2020-2021
Reduced truancy	Bespoke analysis carried out by New Economy Manchester
Improved family well-being/relationships	
Positive functioning (autonomy, control, aspirations)	
Emotional well-being	

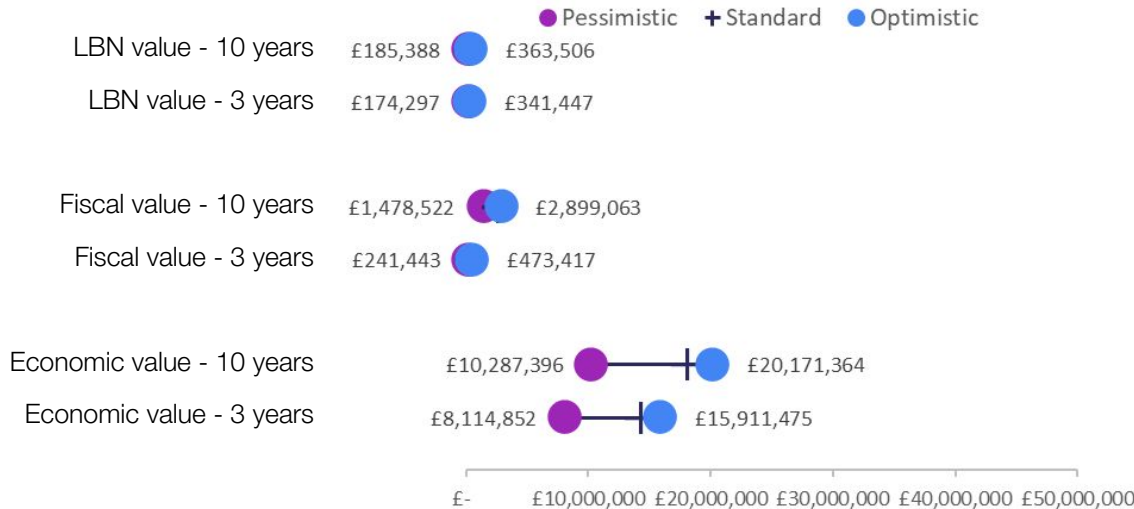
The Early Help Hub is structured around helping families with multifaceted needs and evaluations of these services have found substantial success in reducing domestic abuse, crime, and antisocial behaviour as well as improving school attendance for children.

In both the short and long-term, improving mental and physical health leads to benefits for the individual, family, and wider society. Some of the outcomes intended by the programme - such as reducing housing evictions - are not currently robustly evidenced and so have been excluded from the analysis.

Financial impact of 1 year Early Help

Return on 1 year of Investment over following 10 years

Assumed annual spend: £501,200



Standard Assumptions

Range

£0.61 **£0.37 - £0.73**

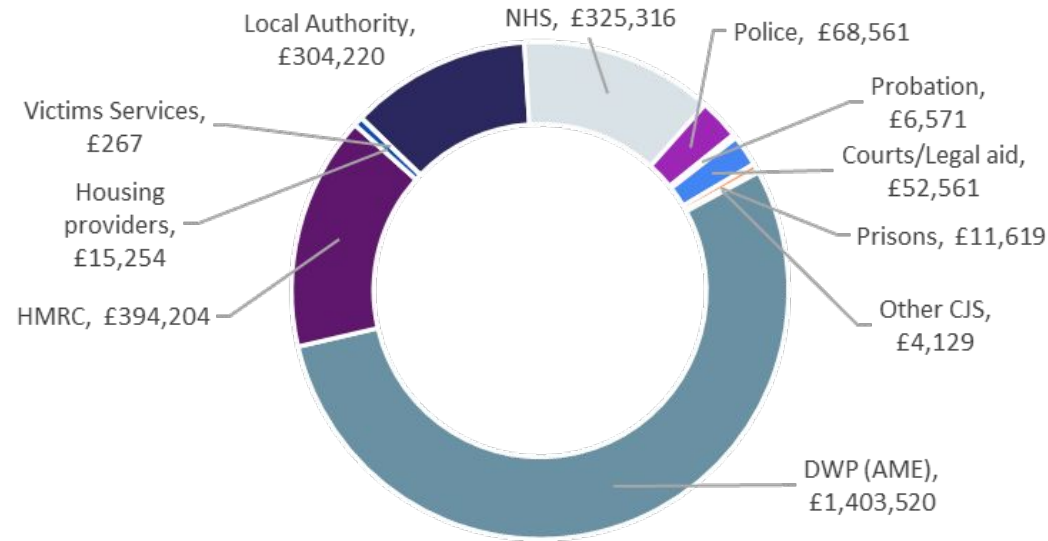
£5.16 **£2.95 - £5.78**

£36.18 **£20.53 - £40.25**

The targeted support to families provided through the Early Help Hub provides a wide range of benefits

The most substantial benefit is realised by the Department for Work and Pensions, as the most robust evidence to date is focussed on the impact of individuals finding work and thus requiring less support

Benefit accrual by agency - Early Help spend



Of the approximately 1600 users of the EHH over a year, 58% are expected to be supported into work of whom 7% will be directly helped into employment - equivalent to 65 individuals.

A comparison between known rates of Children in Care and the type of support needed by individuals engaged with Early Help suggests 5 children who would otherwise have been taken into care each year are able to remain with their families because of engagement with Early Help

The avoidance of more costly mental health support is another major benefit from Early Help. An estimated 169 young people each year would not require any further support through the NHS if the Early Help service in Newham engages with 1600 people per year and performs similarly to other Early Help implementations previously evaluated.

Children's Health 0-19

Notes and assumptions

- Evaluations of Children’s Health have largely focussed on the overall outcomes from the “basket of services” on offer and as such the analysis has been conducted in the same way where possible in order to avoid double counting the benefits of aligned services.
- Annual usage figures for 0-5 year old services have been based on the number of new births per year provided by Newham and as such the total benefit for this cohort is particularly susceptible to fluctuations in new birth numbers as fluctuations to this number will have substantial long-term impacts on the predicted benefits.

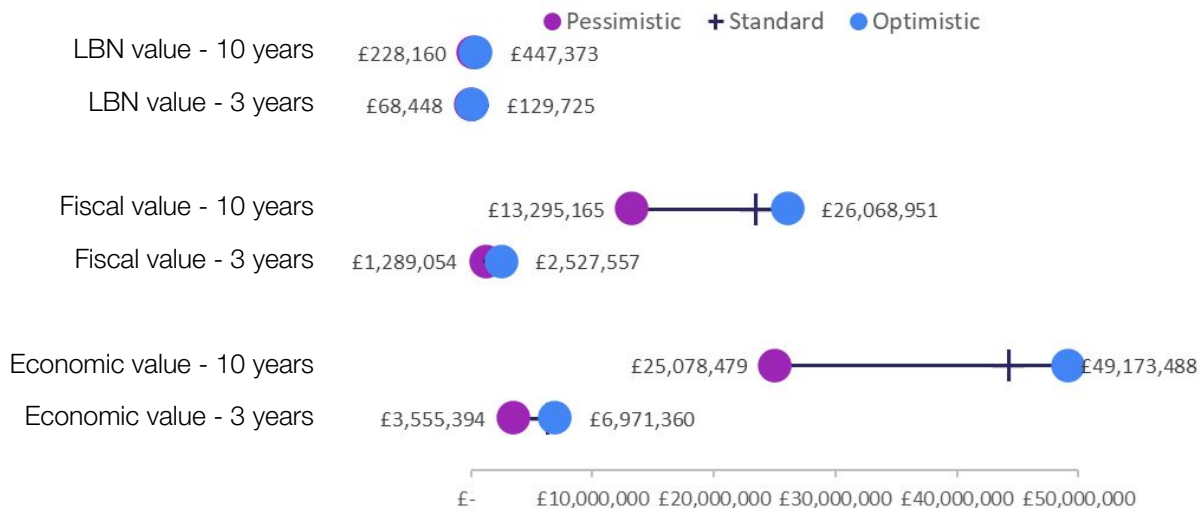
Evidence of benefits for Children's Health

Expected outcomes	Evidence
Increased employment	Investing in Children: What We Know and What We Don't Know About the Costs and Benefits of Early Childhood Interventions
Increased earnings - achieving Level 2 NVQ	Figures from Masse L, Barnett WS (2003) A Benefit Cost Analysis of the Abecedarian Programme. New Brunswick, NJ: National Institute for Early Education Research.
Increased earnings - achieving Level 3 NVQ	
Improved mental health	Abecedarian; Family Nurse Partnership; High Scope Preschool/Perry Preschool; Parent Child Home Programme; Parent Involvement Programmes; Triple P Positive Parenting Programme (All Levels) (As detailed in Rapid Review of the Healthy Child Programme)
Reduced A&E attendance	
Reduced hospital attendance	
Reduced antisocial behaviour	
Reduced crime	

Evaluations of Children's Health have predominantly focussed on identifying long term health and economic benefits. As well as the fiscal benefit there is substantial economic value in the form of improved health, education, and employment across society.

The improved earning potential created through Children's Health programmes provides significant long-term benefit to the individual. In both the short and long-term, improving health leads to benefits for the individual, family, and wider society - the impacts on mental health response and hospital admissions form the majority of the health-related savings.

Financial impact of 1 year Children's Health 0-19



Return on 1 year of Investment over following 10 years

Assumed annual spend: £10,017,000

Standard Assumptions

Range

£0.04

£0.02 - £0.04

£2.34

£1.33 - £2.60

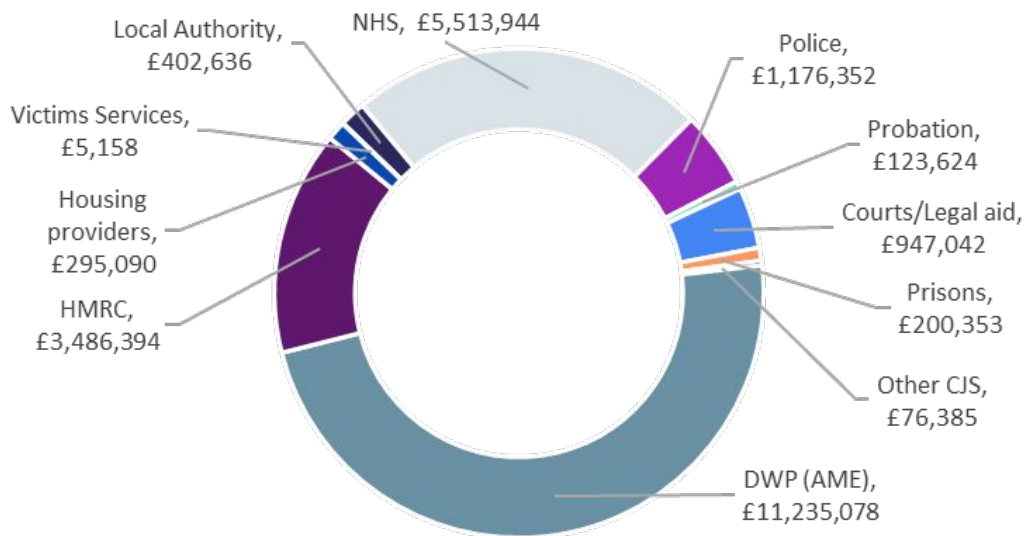
£4.42

£2.50 - £4.91

Long-term benefits of Children's Health are mostly evidenced against long-term earning potential. Approximately 520 children engaged with the health programme are estimated to enter employment who otherwise would not.

The most substantial benefit is realised by the Department for Work and Pensions, as the most robust evidence to date is focussed on the impact of individuals finding work and thus requiring less support

Benefit accrual by agency - Children's Health spend



A review* of Healthy Child Programmes showed significant impact of these initiatives on a wide range of outcomes including Maternal mental health; smoking; drugs and alcohol; child obesity prevention; oral health; and speech, language, and communication.

Both short and long term health benefits make up the second largest proportion of benefits with an estimated 1430 people (including both parents and children) less likely to need to use mental health services in the future.

A similar number are expected to avoid attendance at A&E or other general hospital admissions.

NOTE: Figures are based on the Standard model

*Rapid Review to Update Evidence for the Healthy Child Programme 0-5, Public Health England (2015)

Early Years and Children's Centres

Notes and assumptions

Figures for Early Years and Children's Centres should be interpreted with caution. The Evaluation of Children's Centres in England (ECCE) Strand 5 highlights that:

*“no statistically significant associations were identified between **the aggregate measure of centre use and better outcomes (possibly because the comparison sample was too small)**... the prevalence of associations between service use and poorer outcomes suggested that any associations (with either better or poorer outcomes) may reflect selection bias in service use towards particular types of families rather than any impact alone.”*

In order to evaluate the overall benefits of Children's Centres, the analysis uses evidence from those specific programmes that have been shown to be effective and assumes that other services with the same intended outcome perform as well (though there is a substantial Optimism Bias penalty applied). As such this section represents a hypothetical scenario of what the value for money would be if every service were as effective at improving outcomes as the best services.

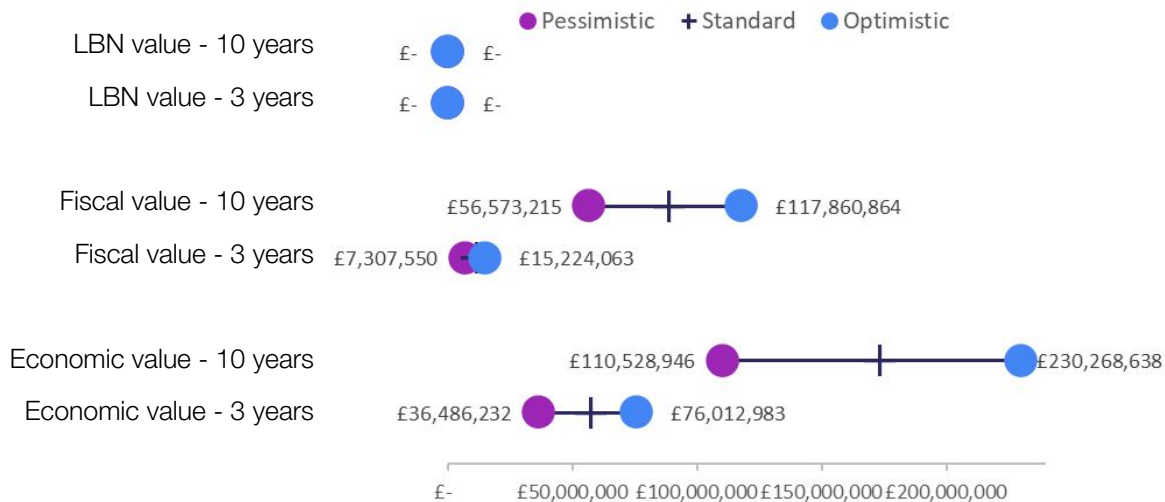
Evidence of benefits has been taken from various studies into the types of activities conducted by Early Years and Children's Centres.

Expected outcomes	Evidence
Increased employment	Investing in Children: What We Know and What We Don't Know About the Costs and Benefits of Early Childhood Interventions
Increased earnings - achieving Level 2 NVQ	Figures from Masse L, Barnett WS (2003) A Benefit Cost Analysis of the Abecedarian Programme. New Brunswick, NJ: National Institute for Early Education Research.
Increased earnings - achieving Level 3 NVQ	
Reduced crime	Hoddinott P, Craig L, Maclennan G, Boyers D, Vale L. The FEeding Support Team (FEST) randomised, controlled feasibility trial of proactive and reactive telephone support for breastfeeding women living in disadvantaged areas.
Reduced hospitalisation for children under 1 year	
Reduced hospitalisations for first time mothers	The value for money of children's centre services - Evaluation of Children's Centres in England (ECCE) Strand 5 - benefits are based on average user benefit
Increase in Home Learning Environment by 3y.o.	
Parenting support	A systematic review, evidence synthesis and meta-analysis of quantitative and qualitative studies evaluating the clinical effectiveness, the cost-effectiveness, safety and acceptability of interventions to prevent postnatal depression. Health Technology Assessment. 2016
Family support	
Improved mental health	
Reduced postnatal depression	

Early Years and Children's Centre evaluations have focussed on the long term outcomes achieved with particular attention paid to the earning potential of individuals once they reach adulthood.

Children's Centres represent a substantial investment by LBN but if implemented effectively provide substantial fiscal and economic benefits over the long term. However, the very wide range of estimates for the value of the benefits highlights the need to ensure all services are delivered effectively.

Financial impact of 1 year Early Years and Children's Centres



Return on 1 year of Investment over following 10 years

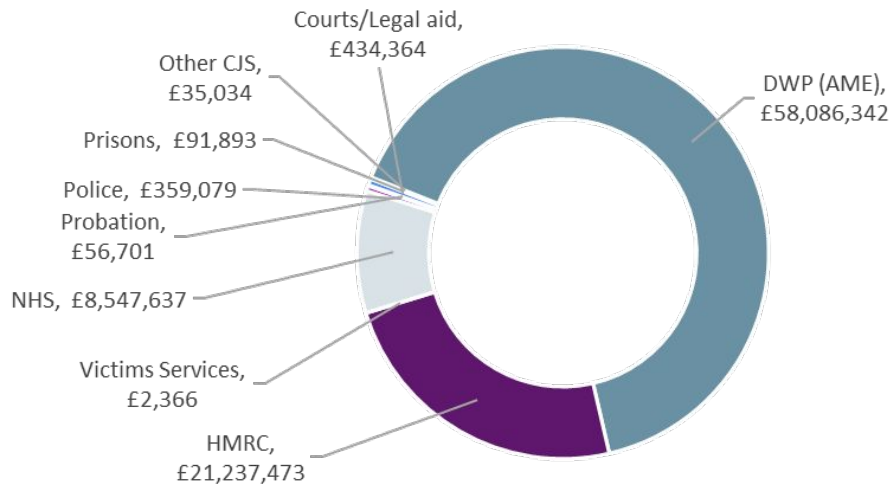
Assumed annual spend: £4,464,229

Standard Assumptions	Range
£0	£0 - £0
£19.90	£12.67 - £26.40
£38.82	£24.76 - £51.58

The benefits are largely comprised of higher educational attainment, and better employment in the long term as well as improved health outcomes in both the short and long term.

For each year of the programme running, an estimated 2800 individuals will have improved employment later in life. This leads to reduced unemployment payments and increased tax and national insurance being paid over the lifetime of the individuals

Benefit accrual by agency - EY and CC spend



Parenting offers drive much of the short term benefits which mostly accrue to the NHS. Targeted services are estimated to reduce hospitalisation cases and post-natal depression by around 300 individuals each year.

Evaluations of Early Years programmes found that without the programme's intervention, 16% of children who participated in Early Years would not have achieved qualifications equivalent to Level 2 NVQs. This is equivalent to approximately 3800 young people a year.

Similarly, 12% more individuals were in steady employment by age 27 when they had engaged with the programme compared to those who had not. These represent substantial lifetime savings to the public purse.

Summary

While the Brighter Futures Directorate is relatively new and thus challenging to evaluate, we have used a robust and well-recognised method along with suitable mitigating strategies to avoid over-claiming on the effectiveness of services.

There are significant benefits to both the young people directly engaged with different parts of Brighter Futures and to the wider community.

- Brighter Futures engages with young people of all ages however many programmes that focus on small children measure themselves against longer-term outcomes such as employment and longer-term health. As such, it is sometimes challenging to evidence shorter-term outcomes for young people but once the different initiatives are more firmly established it may be prudent to evaluate the specific implementations in Newham rather than rely on previous evaluations elsewhere. This would allow Newham to define and measure the KPIs of interest.

Whilst LBN does see direct benefit from the work being done, other public sector bodies see substantial and tangible benefits. The NHS burden is expected to be reduced through fewer hospital visits and mental health needs. A reduction in crime and antisocial behaviour should help reduce police demand. Overall, Brighter Futures, even with conservative estimates, appears very good value for money.

Thank you

For more information please contact

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