



THE YOUNG FOUNDATION

Reducing Crime: the case for preventative investment

Neil Reeder and Mhairi Aylott

About the Young Foundation

We are The Young Foundation and we are determined to make positive social change happen.

We pioneered the field of social innovation with The Open University, UpRising and Studio Schools.

We work closely with individuals, communities and partners building relationships to ensure that our thinking does something, our actions matter and the changes we make together will continue to grow.

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Executive Summary

Ignoring the need for prevention can store up big problems for the future, whether the issue is health or criminal justice, homelessness or poor performance at school. But faced with austerity, the risk is that local services concentrate on making cuts now and think about the long-term later.

But barriers exist to taking such a preventative approach. Many of those working in public services lack the sense of empowerment to address root causes rather than doing sufficient for the short-term. This problem is compounded by organisational silos – and in the current context – shrinking budgets and underinvestment in analysis to discern risk and probabilities.

A strategy that takes prevention and risk management seriously would be one that recognises short-term pressures but is able to balance this with long-term objectives, drawing on the ideas, partnerships, skills and analysis that are needed to make this happen. Effective prevention strategies are those more likely to be based on strong local networks and mutual understanding between citizens and public services. There are welcome experiments to achieve this, such as the Total Place Community Pilots taking place in four areas, and the Troubled Families programme. But the jury is still out on whether central government will loosen reins and truly allow innovation, flexibility and empowerment at a local level.

This paper presents the findings of two years' work with a range of local agencies and social enterprises in the UK and overseas. It draws on insights from workshops, interviews with practitioners, focus groups with users of services, literature reviews, and business case analysis of savings and outcomes for public services.

We focus on a case study showing what could be achieved with an explicit and determined expansion of a preventative approach. Our chosen field, criminal justice, is one that the Young Foundation has explored through a range of studies. Our assessment is that wide-scale expansion is feasible and the prize would be great: a programme of investment of £145 million in preventative actions could assist almost 100,000 people in turning their lives around, returning an amount around £200 million cashable savings for councils, police and prisons in the medium term, while avoiding some £100 million of damage to victims from injury, emotional trauma, and inability to work.

The challenge is to develop a sequenced approach which can identify quick wins, kick-starting an increased focus on prevention, then seizing the opportunity to create a virtuous circle where prevention becomes a central driver to achieving better outcomes and greater efficiency.

Shifting from prevention to cure is not easy even in times of plenty. Our analysis shows that a change of perspective is critical. To this end, we recommend that five key steps be taken:

1. Mainstream a focus on soft skills development.

Soft skills should be an agenda for a range of services, not just seen as something for schools and parents to address. The development of soft skills is particularly important in relation to young offenders, but has wider relevance. Public health, for example, would find issues such as smoking cessation much easier to achieve if a stronger sense of self-discipline has already been instilled. Performance management

processes should, therefore, explore and implement approaches that encourage, in a non-burdensome way, a greater focus on soft skills development within their clients.

2. Encourage greater partnership working and smarter budgeting arrangements.

Much effort has gone into identifying the scope for efficiencies through greater joining up and pooling or aligning of budgets at local level. But progress has been slow. Local agencies should not wait years to be encouraged by central government to take community budgets seriously. They should look to the development of informal common pots, which should be used for the dissemination of promising innovations that benefit a variety of local partners. And central government should not stand in the way.

3. Expand investment for prevention in targeted programmes.

There is a strong business case for investment in prevention for criminal justice. Action now through payment by results programmes, will produce substantially better outcomes in employment and education, as well as savings to the public purse.

4. Encourage analysis for prevention.

Civic society organisations, such as NESTA, have recognised the importance of analysis in getting an effective approach and introduced such initiatives as the Alliance for Evidence. Government should support the growth of such bodies, as well as encouraging professional organisations to work together to create and disseminate databases on the effects of preventative interventions on outcomes and savings for the public purse.

5. Learn from past experiences with payment by results, and encourage experimentation.

Payment by results, and bringing social finance into the delivery of public services, are both relatively new agendas. There is much to be done to build up a well-established body of knowledge on metrics and benchmarks. As part of the agenda to strengthen analysis for prevention, it is important to learn from what works well, and what does not, in setting contractual targets.

1

Introduction

Storing up problems

We intuitively know that prevention is better than cure. Yet the logic of this does not translate seamlessly to the way in which we think about and prioritise funding for public services. This has always been the case; when budgets are squeezed, the question about how to strike a better balance between investment in the future and present crises becomes even more pressing and more difficult.

A lack of attention to prevention affects people of all ages. Smokers in their 30s and 40s are five times more likely to have a heart attack than non-smokers;¹ the life-time risk of coronary heart disease for boys who were seriously overweight at age 13 is a third higher than those of their slimmer peers.² Early action to strengthen the parenting capacity of adults and prevent neglect is far more desirable than putting a child into local authority care, where, according to research, children are 32 times more likely than average to leave school with no GCSEs.³

This report focuses on the prevention of offending among young people and explores how this activity can be accelerated and funded, by making best use of the resources, services and investment that already exists.

There are frequently close links between young people's alienation from school, involvement in crime and anti-social behaviour and poor career prospects. Government research on ex-offenders found that more than a third had a reading age of seven or less, and around half functioned at or below the numeracy level of an average seven-year-old.⁴ Almost 40 per cent of young offenders are regular truants;⁵ and some 60 per cent of 18 to 20-year-olds entering custody were unemployed the month before.⁶

Such unresolved problems carry high costs. The average lifetime cost to public finances of one young person not gaining and sustaining a job is more than £56,000;⁷ the cost of custody for an adult is approximately £39,000 per year;⁸ while an estimated 11 per cent of the children of women in prison are either taken into local authority social care, fostered or adopted.

Yet, even in times of relative plenty, prevention often came second to short-term needs. In 2009/10, for example, the Youth Justice Board spent five times as much on custody as prevention,⁹ while police efforts often focus on addressing symptoms. As an interviewee for a study of police leaders' attitudes to challenges describes:¹⁰

“Public protection, which has come on leaps and bounds, is about identifying children in families where they're likely to have issues. If you have a child in a violent household, by the age of three it's too late and psychologically they are damaged. That's when we need early intervention to prevent them being subjected to violence, sexual exploitation, going missing from home, because those are the things that lead to drugs and crime. There are few chief constables that will say, 'actually I'm going to invest some resources into these areas and cross my fingers and hope burglary and robberies will fall'.”

The current round of public spending cuts has made a preventative approach even harder to sustain. As one local authority executive put it in a study published by the Joseph Rowntree Foundation:

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There are few chief constables that will say, 'actually I'm going to invest some resources into these areas and cross my fingers and hope burglary and robberies will fall'.

“The long-term view is not there. It’s very much how do we get the cuts done now, how do we survive the next three years to five years. Maybe we’re in a place where we can’t afford that financially at the moment and we just have to deal with the emergency crisis now and we can’t say - this is daft we need to have a longer game in mind because actually what we’re doing is storing up problems for the council in 12 years’ time.”¹¹

The risk is that we focus on short-term reactions to existing pressures, at the expense of preventative interventions that are able to not only save money in the long run, but also lead to less disruption in people’s lives.

For example, intensive support for families with multiple problems can prevent repeat homelessness and a range of other crises. Westminster City Council’s Family Recovery Programme provides an outreach worker to work intensively with families who have found it hard to engage with services in the past. Increasing co-ordination among agencies, as well as expanding access to specialist programmes such as drug treatment, cost £19,500 per family. However, the costs avoided by this increased co-ordination could be as much as £136,000.¹²

When it comes to young people at risk of offending, individuals respond positively to different events. In some cases, a life can be brought back on track by a random conversation, perhaps with a friend, agency worker or police officer. Sometimes, a key role is played by acclimatisation to work and learning skills such as team working, communications and attention to detail. While at other times, sustained intervention by a number of public sector agencies may be needed to improve young people’s prospects of long-term success.

It is difficult to disentangle ‘what works’. But when it comes to adult ex-offenders, preparing people for work and securing employment can play a significant role in reducing re-offending, and pre- and post-release mentoring can be important in helping people change behaviour. For example, the Through the Gates scheme operated by the St Giles Trust (which includes a mentoring scheme operating before and after an offender leaves prison), costs around £870 per annum per person, but it is estimated that the savings to the public purse are 10 times higher.¹³

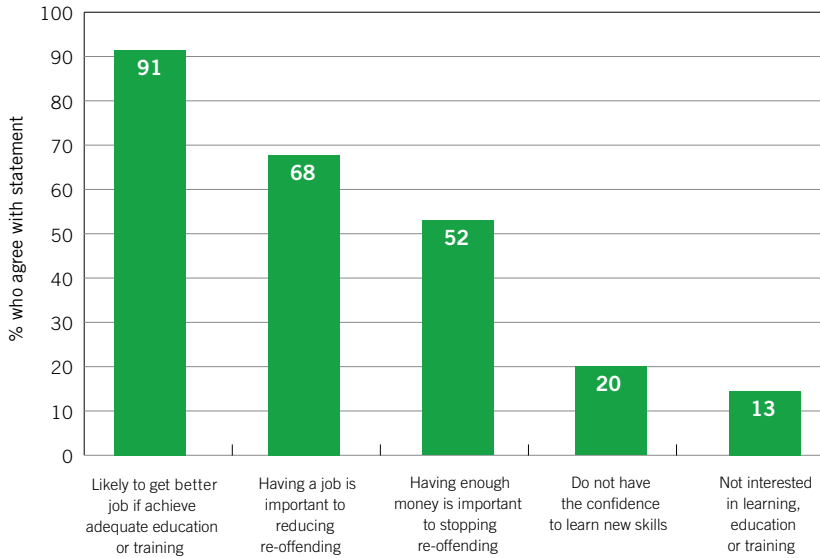
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Figure 1: Attitudes towards learning, employment and training: Surveying Prisoners Crime Reduction - prisoners who agreed or strongly agreed with each statement.



Source: The pre-custody employment, training and education status of newly sentenced prisoners, Results from the Surveying Prisoner Crime Reduction (SPCR) longitudinal cohort study of prisoners, Ministry of Justice Research Series 3/12, March 2012.

Soft skills

Among the interventions that seem to work, there is mounting evidence of the importance of increasing people’s ‘soft skills’. Soft skills are the capabilities that enable people to take responsibility for themselves and help them to fulfil their potential in life. The key message from the work of Nobel Laureate James Heckman on these characteristics is blunt: character counts.¹⁴ Children who are motivated and can persevere are much more likely to stay in school and achieve career success.¹⁵

Deficits in soft skills can lead to major problems. Analysis shows that by moving from the group that is worst at soft skills to the next worse group, the chances of a US male going to jail by the age of 30 fall by three-quarters. An improvement in cognitive skills reduces risk of incarceration by only a third.

The Young Foundation’s own work, which looked at the skills that youth services aim to strengthen in their clients, identified seven important characteristics (see Figure 2).

Figure 2: Key soft skills for young people



Some 70 per cent of UK employers believe that their employees lack the necessary soft skills,¹⁶ and local agencies can do much to support better personal and social development. There are some good examples of current work from Includem – a one-to-one relationship-based service to young people at the times and the places that they are most at risk¹⁷ – to schools promoting planning skills, commitment and enthusiasm among students by trying out the practical challenge of running a student business.¹⁸

Action by local agencies to speak and listen to clients, and then amend investment plans and activities to what is really needed and wanted, can be done at relatively low cost and can have a powerful effect. As Newman and Dale (2005) put it:

“Resilience grows out of the bonds built over time among people, organizations, communities and governments that have learned they can work together and count on each other.”

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What needs to change?

Through its Preventative Investment Programme, the Young Foundation has investigated the case for action now rather than later. We have conducted numerous studies for national agencies, local authorities and social enterprises.¹⁹ This paper draws on insights from service design workshops, interviews with practitioners, focus groups with users of services, literature reviews and business case analysis of savings and outcomes for public services.

A step-change to a stronger preventative approach faces many challenges. Focusing on preventative work in the criminal justice context, this report considers the structural problems that need to be overcome and the key principles for reform. We suggest what needs to be done to place a greater emphasis on prevention in the context of challenges and austerity.

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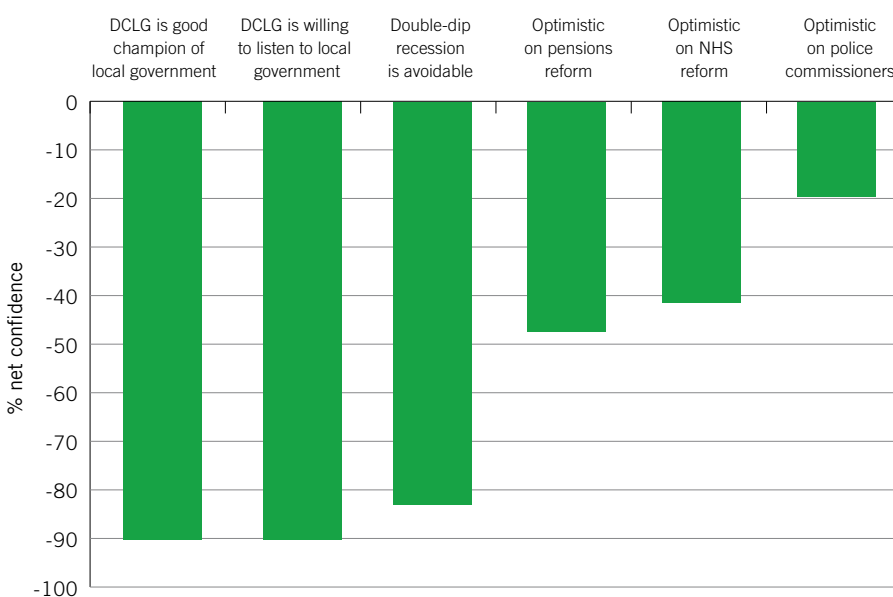
Structural challenges

Taleb's 2007 analysis *The Black Swan: the impact of the highly improbable*²⁰ predated crises at Lehman's, Bear Stearns and RBS. However, its central theme – the scope for unforeseen disasters to arise in complex situations – was vindicated by subsequent events. At the local level, agencies have to cope with a world that has effects that can compound and reinforce each other. Sometimes these effects can be for the better – for example, a new business park, that brings new employment and attracts new firms that reinforce success – but sometimes they can be sudden and make things worse.

Effective prevention requires a workforce that can, and is encouraged to, look ahead and show flexibility and creativity in solving problems sooner rather than later. It calls for effective partnerships, with agencies working to a common long-term goal and not shunting costs around. It requires a sound analytical foundation that highlights future risks and pinpoints effective solutions. Unfortunately, these elements are often not in place.

Many people working in public services question their control over how goals are met. In teaching, for example, the National Curriculum, top-down test and exam requirements, league tables and government inspections have often been resented.²¹ More generally, many public services face 'strategic uncertainty', which could mean rapid, significant change (for example, with social investment for transport infrastructure).²² Perhaps unsurprisingly, local authority staff show little confidence in their ability to affect and adapt to changes in national policy and local partners (see Figure 3).

Figure 3: Local authority staff: net confidence levels on engagement, the economy and policy reforms



Source: Local Government Chronicle confidence survey, November 2011

This hampers flexible and forward thinking. In healthcare, a recent report identified major barriers to innovation in the NHS due to *“insufficient recognition and celebration of innovation and innovators.”*²³

Different goals

At a time of harsh cut-backs in public spending, there is an understandable tendency for service organisations to become more inward-looking, focusing on their own agenda, even if this disrupts the system as a whole. This presents a barrier to taking a prevention approach, which requires effective partnership in determining who needs support and in providing that assistance in a joined-up way. At the same time, local public organisations – police, courts, probation, prison, schools, GPs, hospitals, local authorities and so on – have very different lines of reporting and accountability for what they do and how they spend their budgets.

Even in 2009, at the height of policy support for joined-up working, some 86 per cent of local authorities in England were anxious about competing central government demands, and 66 per cent cited a lack of capacity for collaboration.²⁴ Questions also arise in respect of operational issues. For example, a 2009 survey in Scotland found that fewer than half of those responsible for commissioning and procurement in local authorities ensured that they always or often liaised with other providers to assure continuity of quality and value for money.²⁵

Work in the early 2000s on the criminal justice system concluded: *“We have found an urgent need for the different parts of the criminal justice system to work closer together. At its simplest, each part of the system has little regard for the consequences of its actions on the other parts.”*²⁶

This led to a determined effort on partnership working and the subsequent piloting of initiatives such as Integrated Offender Management (IOM), which aims to improve coordination, including co-location in some instances. A process evaluation of IOM pilots²⁷ found that the effective delivery of IOM was dependent on a willingness to resolve conflicting agency agendas, and that the ability to work well with civic society, youth offending teams and prison staff was mixed.

A recent report from Sheffield Hallam University²⁸ suggests some progress is being made but that much more is required. The research highlights the need for more strategic partnerships between criminal justice agencies and the voluntary sector, particularly in relation to community engagement, volunteering and mentoring, in order to strengthen action to reduce re-offending.

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Inflexible budgeting

Even if the aims of different agencies are aligned, the financial rewards received from preventative activity may well vary enormously. For example, a local authority may benefit greatly if a female offender is not taken into custody (and her children taken into care), but the cost of a community sentence and intensive support work would probably have to be picked up by the probation service.

These issues go beyond criminal justice, as, for example, the Department of Health recognises: *“Too often incentives can reward the status quo and actively discourage invention and change. We know that silo budgeting can often be a barrier to the adoption and spread of innovation, especially where the cost and savings fall to different budget holders.”*²⁹

In the latter part of the first decade of the 2000s, emphasis was placed on Total Place pilots. However, many were better at analysing problems than implementing change. The latest attempt at rectifying this issue is the piloting of community budgets. Four ‘showcase areas’ – Cheshire West and Chester, Greater Manchester, West London and Essex – have been chosen to run whole place Community Budgets, considering in particular the question of how to pool budgets from over a hundred local services.³⁰

A further key initiative relates to the payment by results scheme being put in place for troubled families. The recent DWP paper *Social Justice: transforming lives* aims to turn around the lives of the 120,000 most troubled families by the end of the Parliament, with £448 million made available over the next three years. The intention is that the Department for Communities and Local Government (DCLG) will make up to £4,000 available for each family eligible for the scheme, with local authorities and local partners making up the rest of the investment.³¹

These initiatives are highly encouraging. However the impression still remains of central government encouraging innovation and flexibility only in tightly defined agendas, and not in the wider range of agendas of interest at local level.

Under-investing in knowledge

Without the ability to draw on evidence and analysis in making judgements for the future, local services face an uphill struggle. As one social investment analyst has put it: *“Metrics without judgment is automation; judgment without metrics is either expertise... or guesswork.”*³²

Within the context of criminal justice, for example, there has often been the pessimistic perception that ‘nothing works’ to prevent re-offending. However, there is a window of opportunity to learn from past failings. Berman and Fox³³ highlight the need to learn from failure, a process that can encourage self-reflection, transparency and thoughtful risk-taking among criminal justice agencies.

By engaging in trial and error, more innovative approaches can be taken, using past experiences and challenges as a driver of change. Importantly, the perception that nothing works is now changing, and there is a growing body of evidence highlighting the impact of rehabilitative programmes.³⁴

However analysis for prevention is not straight-forward. Comparisons of effects require the ability to express what would have happened to outcomes and expenditure if the relevant project had not taken place. The ‘gold standard’ approach, namely use of randomised control trials (RCTs), is problematic when it comes to initiatives whose effects will not be fully observed for many years.

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Furthermore, when interventions are in part based on relationships (that is, voluntary sector mentoring, friends of friends, business in the community programmes and the like) it is difficult to attribute effects to different players and to be confident that such effects are replicable. Qualitative assessments are needed, as well as quantitative indicators, to capture this complexity.

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Principles for reform

Our work has identified four key factors that need to be in place in relation to more effective preventative approaches (see Figure 4).

Figure 4: Key factors underpinning a prevention approach



Empowering culture

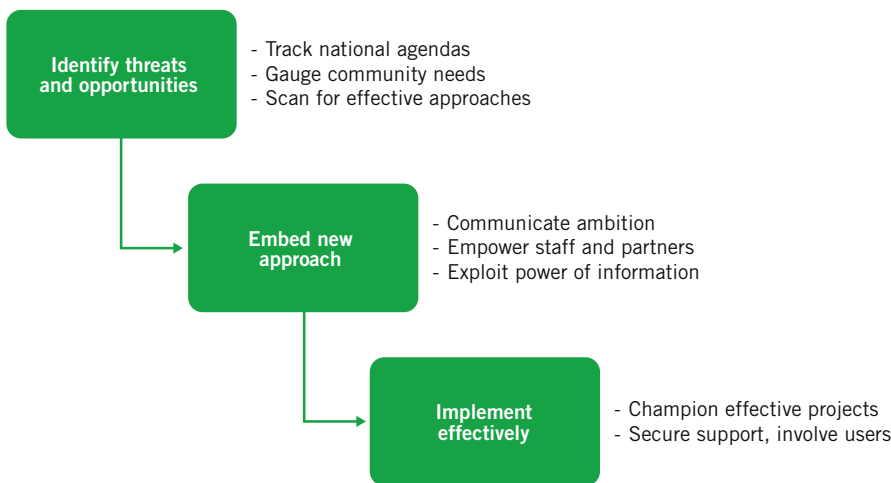
A culture that takes prevention and risk management seriously is one that looks to the long-term as well as reacting to short-term pressures; able to draw on ideas, skills and analysis to make that happen. This approach requires particular management skills and perspectives to be in place. A guide to these skills comes from Ashridge research, which identifies seven core capabilities (see Figure 5).³⁵

Figure 5: Management skills for prevention and risk management



These features were very much to the fore in a recent cross-London initiative to address homelessness. No Second Night Out, launched in 2011, takes an assertive approach to finding solutions quickly, to avoid clients becoming accustomed to a homeless lifestyle.³⁶ Implementation of the scheme called for a clear, determined and radical approach that enthused staff with the ambition of getting lives rapidly back on track. Figure 6 sets out the broad base of skills and systematic support that is essential for a pro-active approach.³⁷

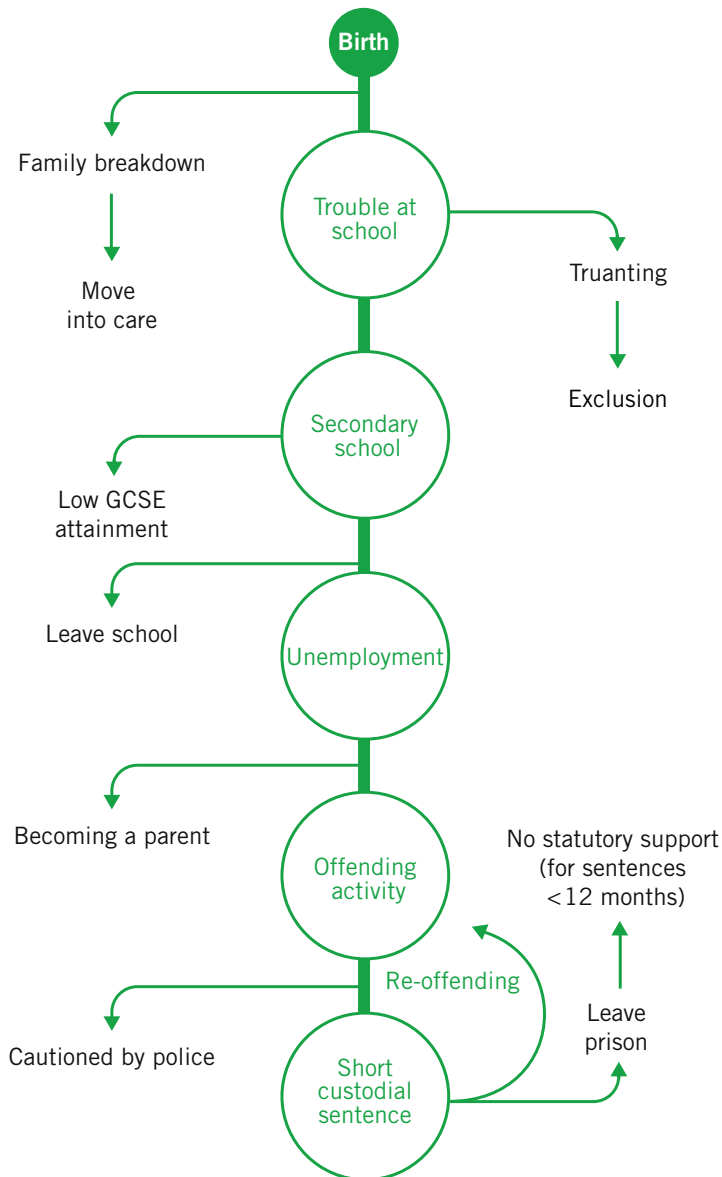
Figure 6: Skills and systematic support for prevention and risk management



Joint action at critical moments

Action at critical transition points can vastly improve outcomes and efficiency. Figure 7 illustrates some of the key transition points during the life journey of a young offender, not least family break-down, disrupted education and re-offending after leaving custody.

Figure 7: Indicative life journey of youth offender



Prevention is often most effective when it acts precisely at such key transition points.

- **Family break-down:** evaluation shows that early intervention parenting programmes can make a substantial difference to parenting capacity.³⁸
- **Disengagement from school:** programmes such as the Princes Trust's xl scheme use informal teaching approaches that aim to re-engage pupils by making learning accessible and relevant, while strengthening confidence and creating ownership for personal development goals.

- **Re-offending after prison:** schemes such as St Giles Trust's Through the Gate project work with offenders both before and after they leave prison, providing effective mentor support so they can plan for and undertake the route of avoiding crime.

At these transition points, those interventions that focus on personal and social development - including trust, capability, connection and resilience – often appear to be most successful. For example, the award-winning Reclaim scheme aims to *“help young people build self-confidence and reliance on their own inherent talents that even they may not have realised. It's an education in what people are capable of and it is a support system for young people who can often feel 'lost' as they negotiate the pressured path to adulthood.”*³⁹

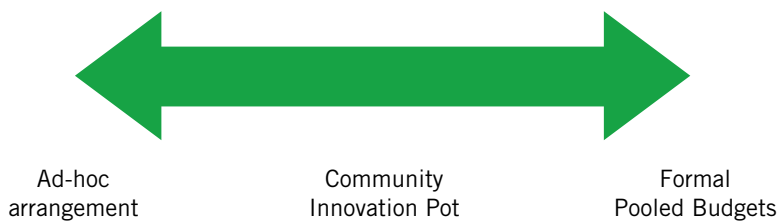
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Help young people build self-confidence and reliance on their own inherent talents that even they may not have realised.

Joint goals and smart budgeting

Promoting a holistic approach to soft skills and preventative action can generate financial savings for many services, as well as improving social outcomes. For example, a programme successfully promoting soft skills at school could assist the Ministry of Justice by reducing re-offending, the Department of Work and Pensions by increasing employability and local authorities by reduced use of Pupil Referral Units. There are various options on how to share and reinvest savings so that all partners have an incentive to continue their co-operation (see Figure 8).

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Figure 8: Options for sharing savings – informal to formal



Pooled budget (or Community Budget) arrangements share the whole of the budget assigned for a given purpose, for example, complex families. By generating flexibility, they enable the elimination of overlaps in provision and a greater focus on true priorities. Administratively, a pooled budget has a host authority, which is responsible for monitoring expenditure against the budget.⁴⁰

Less formally, a Community Innovation Pot takes a portion of the savings (for example, approximately 50 per cent) that relate to new activities achieved by different partners, so creating a virtual budget to support multi-agency work. The remainder of the savings are kept by individual bodies. A steering group agrees how to use the pot, based on identification of where investment would make the greatest difference.⁴¹

Both approaches have their merits and downsides, although the advantage of formal pooled budgets is that they provide assurance that short-term costs will be reimbursed through savings in the future.

This approach differs from the use of Social Impact Bonds (see *Social Impact Investment: the challenge and opportunity of Social Impact Bonds*⁴²) which aims to raise new money from investors to fund new or extended forms of intervention that creates savings to the public sector, which is then used to repay the investors.

Capture the most important knowledge

Professional judgement is best when informed by an understanding of the evidence and its limitations. As policy expert Jocelyn Bourgon puts it: *“The key to building anticipative capacity is not to collect more and more information. The most important knowledge comes from discerning patterns and probabilities where none had been seen before.”*⁴³

The current funding context has encouraged better forms of analysis and risk management. These analyses inform and draw on better sources of data and predictions of progress. For example, the RONI (Risk of NEET Indicator) tool⁴⁴ uses data on school attendance, exclusions, attainments results, special needs and health. It has acted as a springboard for a comprehensive plan of action by schools, local authorities and partners, to tackle the problem of youth worklessness in East Sussex.

Analysis has a crucial role to play in relation to assessing the strength of the ‘social fabric’ in communities. One useful tool which can highlight strengths and weaknesses is the Wellbeing and Resilience Measure (WARM), which combines familiar statistics on such things as jobs and health with new ways of thinking about how happy and resilient communities are.⁴⁵

There is a long way to go but there are grounds for optimism. In our studies, we have seen examples where a step-change has been made in the rigour of the commissioning process, with investors, providers and commissioners taking great care to assess the evidence base for what works, the business case and metrics for payments. Intermediate bodies such as the Alliance for Evidence and the Social Impact Analysts Association are stepping up the pressure for higher quality analysis across the board.

This analysis should have a qualitative side as well as a quantitative aspect. A major lesson from the US study *Learning from failure: trial and error in criminal justice innovation*,⁴⁶ is that future success will be greatly enhanced by processes that enable practitioners and analysts to reflect thoughtfully and objectively on what worked in the system as a whole, what has changed, what did not and why. Qualitative tools and techniques (from ethnographic surveys, through to customer feedback from such sites as Patient Opinion⁴⁷) are a vital component in ensuring informed debate.

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Case study: preventative approach to criminal justice

4

The criminal justice system leaves many people trapped in a cycle of offending and re-offending, with devastating effects for their victims, their families and for their own lives. A key question is if there is a better way to stop people re-offending and to prevent crimes being committed in the first place.

The 2010 Green Paper *Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders*⁴⁸ committed the government to making stronger efforts to prevent offending and tackle re-offending. In particular, it aimed to use the payment by results approach, announcing a Transforming Justice 'reinvestment model'. For the first time ever, local authorities and criminal justice agencies in pilot areas receive, from the Ministry of Justice, a portion of the savings achieved when crime is reduced. The more that 'demand' for courts and prison services is reduced, the greater the savings that are passed on. However, no payments are made unless thresholds are reached; a 5 per cent threshold in reductions for adults and 10 per cent for young people.

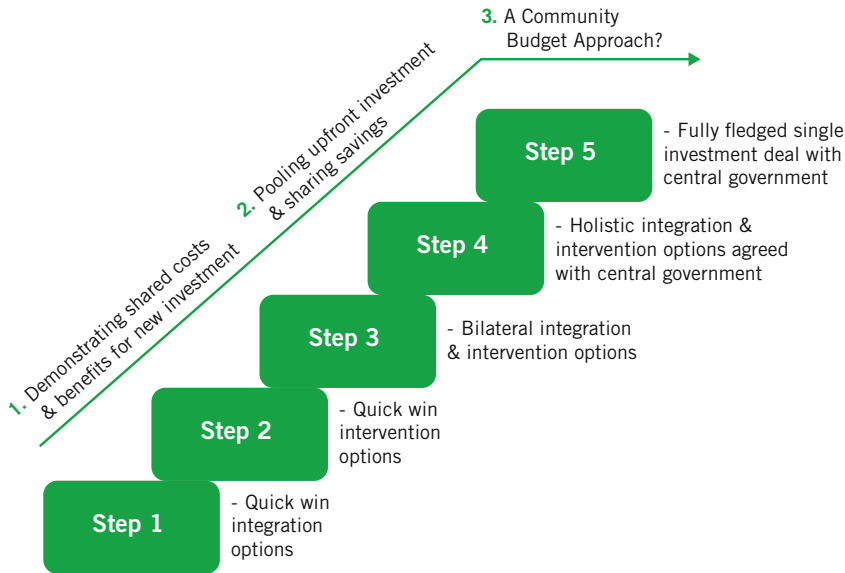
Payment by results has a long tradition of being deployed in welfare to work (though generally with contracts to single deliverers). Incentive schemes that encourage joined-up working have been much less prominent. One important forerunner was the Local Area Agreement performance reward grant.⁴⁹ This provided local authorities and partners with a financial incentive to achieve targets for local improvement priorities. Reward was payable if a threshold of 60 per cent progress towards stretch achievement had been reached, rising with higher attainment.⁵⁰

The scale of the financial challenge facing criminal justice agencies is daunting. Over the period 2010 to 2014/15, the Ministry of Justice's budget is due to be cut by a quarter in real terms.⁵¹ The response to this demands ambition. Our proposal is for an expansion of a preventative approach to criminal justice throughout the country. We have produced a business case, set out later in this section, which draws on analyses undertaken for a range of projects. Wide-scale expansion is feasible, though far from straight-forward to implement. The Young Foundation's work on homelessness, youth unemployment, criminal justice and other areas points to a need for a process of 'quick wins' and a formal structure for sharing savings and reinvesting in more prevention. Below, we consider how such a new delivery approach and financial strategy might operate in practice.

A joined-up system for prevention

The challenge is to develop a system which can kick-start an increase in prevention, and then seize the opportunity to create a virtuous circle of a continued emphasis on prevention and drive to better outcomes and greater efficiency. A sequenced approach is needed (see Figure 9).

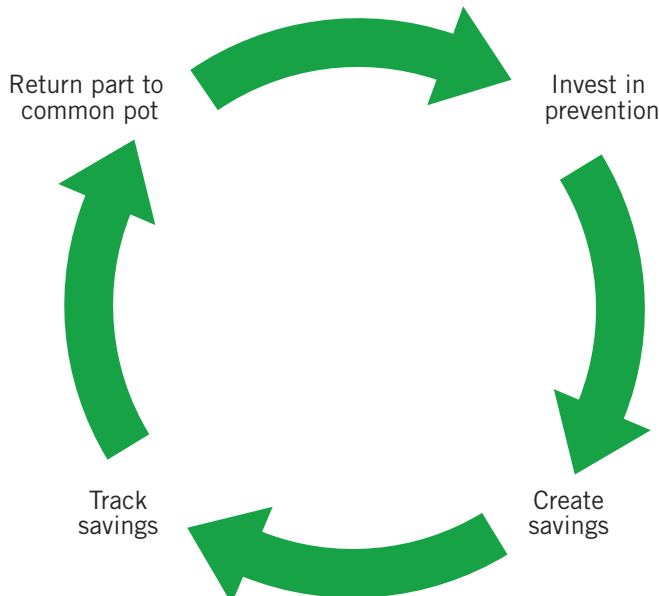
Figure 9: A sequenced approach to integrated delivery and investment



Quick win

Participating organisations could track (in a non-burdensome way) cashable savings arising from small-scale improvements from better partnership working and divert these savings into a pooled fund. These actions should be additional to existing plans, so offering the potential for new investment. They should be low or no cost, make a difference within a year, and spread across the organisations.

Figure 10: Cycle of investment, savings and monitoring



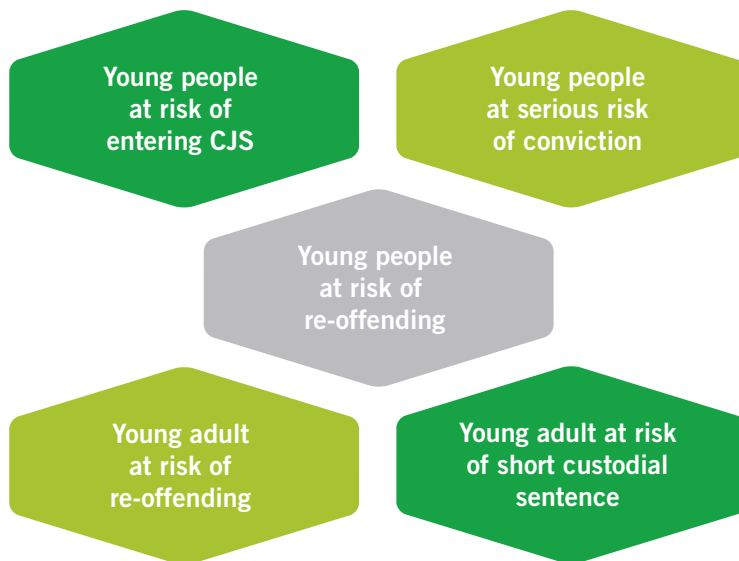
Formal structure for sharing future savings

Participating organisations then agree that, once a certain level of savings is flowing into the pooled intervention investment fund, the executive board will consider applications for larger-scale interventions and allocate money from the fund to the approved interventions. Benefits would be tracked and returned to the investment fund, providing a larger pool (alongside the continuing accrual of benefits from the initial integration and process improvements) for subsequent rounds of decision-making around more extensive forms of intervention. These in turn, would generate more extensive benefits, thereby creating a virtuous circle.

New delivery approach

Our starting point is to consider key interventions for those groups where more intensified action can make a difference: those at risk of entering the criminal justice system; those who have entered it; and those who are at risk of re-entering it. Figure 11 illustrates these key cohorts.

Figure 11: Key cohorts for more intensified intervention action



There are no magic interventions to reduce re-offending, although there is much scope to improve practice through better learning from evidence and practitioners' insights. A critical aim would be to create a more joined-up perspective between local authorities and local criminal justice agencies.

One agenda where better partnership working is crucial is action for troubled people on the threshold to becoming an adult. Offending peaks in the 18 to 22 age group; the growth in likelihood of arrest and conviction is rapid as the sanctions available increase and support falls away. Yet young people's ability to accept and understand their actions does not always correspond with their numerical age. Over 70 per cent of prisoners have at least two mental disorders;⁵² around half of all prisoners are at, or below, the level expected of an 11-year-old in reading, 65 per cent in numeracy and 80 per cent in writing.⁵³

The more that services adapt to needs, the greater the likelihood of avoiding poor outcomes both for the offender and society.

The information below outlines approaches and interventions which could be applied to reduce demand on the criminal system for these key cohorts. The evidence for impact on crime is drawn from a range of evaluation results and practitioner feedback. Further information on the potential impact of these interventions is set out in Annex 1.

Interventions for those at risk of entering the criminal justice system

Box 1: Youth Restorative Disposal

Restorative justice has as part of its core principles the strengthening of empathy and understanding of others. Providing both the victim and perpetrator agree to participate, the Youth Restorative Disposal (YRD) offers a quick and proportionate response to first time low-level offending (such as low level criminal damage, minor assault or shoplifting) by 10 to 17-year-olds.

A young person has to face up to the impact of their offence, offer an apology and examine why the offence took place. Where appropriate, a plan is made for the young person to make good the wrong that was done. Costs are low; approximately £42 of police time each.⁵⁴ We estimate that YRD could reduce re-offending by up to 8.7 per cent.

This approach has been championed by police authorities across the country.⁵⁵ We believe that around 45,000 YRDs could be given each year, in preference to a process of arrests and convictions with every prospect of leading young people on to a sustained criminal career.

Box 2: Multisystemic Therapy

Multisystemic Therapy (MST) was developed at the Medical University of South Carolina. MST works with those at risk of re-offending and is an intensive family- and community-based treatment programme that focuses on the entire world of chronic and violent young offenders: their homes and families, schools and teachers, neighbourhoods and friends.

The underlying premise is that young people have multiple sources of influence, some within in the young person (values and attitudes, social skills, biology and so on), and some in their 'social ecology': the family, school, peer group and neighbourhood. MST costs roughly £5,000 per participant,⁵⁶ and can reduce future offending by up to 25 per cent. Our assessment is that a national programme could reach a number of approximately 7,000 participants.

Interventions for those who have entered the criminal justice system

Box 3: Community-based alternatives to custody for women

Community-based alternatives to custody can produce better impacts on re-offending at a lower cost, if robustly enforced. Yet there are major gaps in provision, particularly for women. One promising example is Women MATTA,⁵⁷ which supports women in the North West of England at risk of offending or who have offended, providing one-to-one peer mentoring and family interventions (where children have been in contact with statutory services and/or the mother has a history of substance abuse). Expected unit costs for a community-based alternative to custody is approximately £4,200.⁵⁸ Our assessment is that a national programme could reach a number of approximately 10,000 participants, with an increased compliance rate of 13 per cent when compared to a traditional community order.

Interventions for those who may re-enter the criminal justice system

Box 4: The 'Different Pathways' programme

The Different Pathways programme⁵⁹ works on a voluntary basis with male prisoners serving a sentence of less than a year, who meet other criteria such as being a prolific and priority offender. These ex-offenders are often unable to access mainstream services and are not subject to statutory probation support on release. Costs are approximately £2,000 per participant.⁶⁰

A Different Pathways worker undertakes a full assessment of the offender in custody to identify needs. It then works with the offender, both within the prison and then, through the gate into the community for up to three months: prioritising and sequencing their access to existing resources and interventions both within the prison and in the community to assist with their resettlement. Our assessment is that a national programme could reach some 33,000 participants, and reduce re-offending by up to 14 per cent.

Financial modelling

Our assessment of the business case builds on the modelling of the impacts and costs of interventions. The approach has been to:

- determine the direct savings (to public agencies) of interventions, as a result of taking proportionate actions, that do not escalate problems further within the criminal justice system⁶¹
- determine the indirect savings (to public agencies) of interventions, as a consequence of reduced re-offending⁶²
- estimate the value to individuals of not being victims of crime, including reduction in physical and emotional trauma, and maintained ability to work.

Our analysis used calculations on these 'social costs' per type of crime as of 2003/4,⁶³ scaling them up to 2010/11 prices, and multiplying by the number of people turned away from crime and average number of offences per offender.

In producing these estimates, we have taken into account potential savings to the variety of services that support crime reduction: drug and alcohol treatment, mental health, housing and employment, as well as police, probation and prisons. The basic costings that we used are set out below.

- **Criminal justice:** £39,000 custody cost per annum; £3,380 community order; £2,750 for police time in bringing case to court; and £1,470 per person on youth offending team caseload.⁶⁴
- **Department of Work and Pensions:** £8,150 cost of long-term unemployment in tax and benefits.⁶⁵
- **Local authorities:** £38,000 cost of young person going into care.⁶⁶

Public services’ ability to cut spending by the full amount of ‘avoided costs’ is normally limited. While the full savings apply for someone stopping claiming benefits, by contrast, if one person is successfully turned away from prison, the ability to make savings depends upon such factors as the ability to close down prisons or reduce prison officer numbers. The ease with which savings can actually be achieved is known as ‘cashability’, and this varies in accordance with such factors as the proportion of physical capital compared to ‘revenue expenditure’.

We used a variety of sources in making estimates of cashability, including 2004 Spending Review data. Our analysis categorised prison cashability as low (discounting by 70 per cent); police and health cashability as medium (discounting by 50 per cent); and local authority cashability as high (discounting by 20 per cent), taking into account effects such as differences in capital expenditure. DWP benefit savings were not discounted.

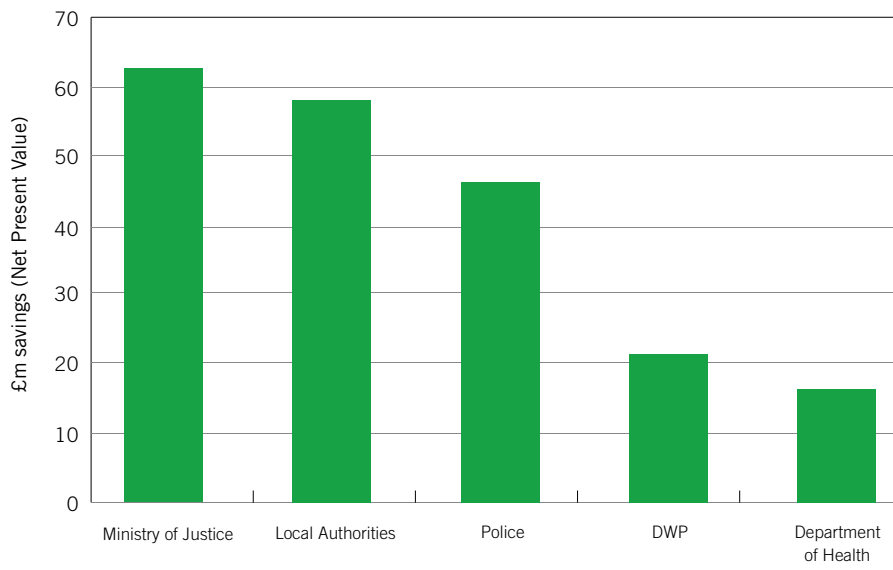
As well as taking cashability into account, our analysis discounted expected future savings by 5 per cent per annum, to produce a ‘net present value’ assessment. Table 1 shows the results of our analysis.

Table 1: Expected results from investing in potential interventions

	Youth Restorative Disposals	Different Pathways	Alternatives to Custody	Multi-systemic therapy	Total
Costs	£1.9m	£66m	£42m	£35m	£145m
People reached	45,000	33,000	10,000	7,000	95,000
(Gross) public savings	£46.7m	£64.5m	£44.6m	£46.2m	£202m
(Net) public savings	£4.8m	-£1.5m	£2.6m	£11.2m	£57m
Wider avoided costs	£15.6m	£42.5m	£13.9m	£27.5m	£100m

We estimate that a £145 million investment across these interventions would recoup an amount of approximately £200 million in cashable savings within four years. This would fund interventions for 95,000 offenders, and avoid wider societal costs of some £100 million. Figure 12 illustrates savings by agency.

Figure 12: Distribution of expected cashable savings by agency



Source: Young Foundation estimates

Note that these figures include very different adjustments for cashability; and that local authority savings include spend on youth offending teams and support for children put into care.

5

Conclusions

A step-change towards a much stronger preventative approach by local services is difficult but entirely possible and highly desirable. The following five recommendations set out how this can be achieved:

Mainstream a focus on soft skills development

Soft skills should be an agenda for a range of services, not just seen as something for schools and parents to address. Performance management processes should, therefore, explore and implement approaches that encourage, in a non-burdensome way, a greater focus on soft skills development among the recipients of services, and also amongst those who deliver front line services.

Encourage greater partnership working and smarter budgeting arrangements

Much effort has gone into identifying the scope for efficiencies through greater joining up and pooling or aligning of budgets at local level. But progress has been slow. Local agencies should not wait for permission from central government to take community budgets seriously. They should look to the development of informal common pots, which should be used for the dissemination of promising innovations that benefit a variety of local partners. And central government should not stand in the way.

Expand investment for prevention

There is a strong business case for investment in prevention for criminal justice. Action now through payment by results programmes, will produce substantially better outcomes in employment and education, as well as savings to the public purse.

Encourage analysis for prevention

Civic society organisations, such as NESTA, have recognised the importance of analysis in getting an effective approach and introduced such initiatives as the Alliance for Evidence. Government should support the growth of such bodies, as well as encouraging professional organisations to work together to create and disseminate data on the effects of preventative interventions on outcomes and savings for the public purse.

Learn from past experiences with payment by results and continue experimentation

Payment by results, community budgets and Social Impact Bonds, are relatively new agendas. There is much to be done to build up a well established body of knowledge on metrics and benchmarks. As part of the agenda to strengthen analysis for prevention, it is important to learn from what works well, and what does not, in setting contractual targets.

Annex 1: Analysis of case study interventions

This section outlines how specific intervention impacts and associated cost savings were assessed. In all cases we have applied an appropriate discount rate on reductions found in various evaluations to account for potential variation from the model in practice, and modelled cashable savings by government department.

For all these examples, our estimates of the potential scale of the interventions are based on data from one area we worked in.

Youth Restorative Disposals

Indicative estimated re-offending impact 8.7 per cent

Youth Restorative Disposals act as a diversionary measure and out-of-court disposal for first time, low level offences. Indicative evaluation data focuses on average re-offending rates of those who have been issued a YRD. On average, 11 per cent of those who have been issued a YRD re-offend over one year. This is compared to an average re-offending rate of 25.5 per cent of those who have been issued a Final Warning/ Reprimand, which would be the most common alternative disposal for low-level offences. This gives a difference of 14.5 per cent, which was discounted by 40 per cent to give a scalable impact of 8.7 per cent.

Discounting for level of robustness in evidence

Our approach has been to discount evidence according to its level of robustness. We have taken on board guidelines on cost benefit analysis,⁶⁷ which suggests a correction of minus 40 per cent for uncorroborated expert judgement; minus 25 per cent for evidence based on secondary evidence from a similar intervention; minus 10 per cent for figures based on national analysis in a similar area; and 0 per cent for up-to-date analysis from a randomised control trial in the UK.

Sources of savings

Savings accrue in two parts:

- Police savings, and reduction in time for the youth offending team, accrue directly where a YRD is issued instead of a reprimand.
- Two further areas for savings are improved health outcomes from a reduction in offending, and better prospects for employment, without a criminal record.

The next stage in the process is applying 'cashability factors' to the relevant source of savings, to determine the true amount of savings that can be attained by an intervention.

Multisystemic therapy

Indicative estimated re-offending impact 25.2 per cent

MST is an intensive holistic therapy-based model for young people who have offended, and are at risk of re-offending. Multisystemic Therapy evaluation focuses on the decline in the probability of re-offending behaviour over a two year period, as compared to a control group who have not been subject to the treatment. Evaluation highlights a significant difference in the probability of re-offending behaviour between those who have completed MST treatment and the control group.

Of the control group, 36 per cent are predicted to re-offend within 2 years, whereas the predicted re-offending rate amongst MST participants is 8 per cent. Therefore the likelihood of re-offending decreases by 28 per cent for those who have been subject to MST. This potential reduction in re-offending was further discounted by 10 per cent to give a potential impact of 25.2 per cent.

Sources of savings

As MST works with young people at risk of re-offending, we looked at the potential impact of a reduction of re-offending and the savings relating to the subsequent decreased use of disposals (including custody and community orders). Within this, we also modelled savings from associated court costs, taking into account the probability of repeat offence occurrences.

We then estimated savings from a reduction in the use of Youth Offending Teams due to a decline in re-offending. Police time savings were also included due to a reduction in arrest and prosecution, and understanding the complex needs of the young people and families subject to MST, a reduction in police call outs over a one year period was modelled.

We took into account the potential impact to employability and savings for DWP, and we also modelled savings to the Department of Health through increased healthier outcomes. Lastly, we considered the savings from a reduction in local authority care from an increase in positive parenting and reduced likelihood of a young person entering the care system.

Alternatives to custody

Indicative increased compliance rate 12.8 per cent

Intensive community-based approaches have potential to divert offenders from a custodial sentence. Intensive alternatives to custody (IACs) have been piloted in Derbyshire, West Yorkshire, South Wales, Dyfed-Powys, Manchester and Salford, Merseyside and Humberside. Our analysis is based on one Probation Trust which reports that of the 175 individuals who have commenced such an order since the option became available in April 2009, 89 individuals have breached the order which has resulted in the order been revoked (note that an order can be breached but still continue).

For these 89 individuals, the average length in days between the commencement and termination is 182 days (six months). This represents an order completion and compliance rate of 49 per cent. Ministry of Justice evaluation data reports a 56 per cent compliance rate. This represents an order completion and compliance rate of 56 per cent, comparable to an average community sentence breach rate of 40 per cent. This represents a 16 per cent difference in expected compliance rate. Discounting this effect by 20 per cent to reflect the robustness of the evidence gives an expected compliance rate of 12.8 per cent.

Sources of savings

One aspect is immediate savings from an avoidance of custody. This includes savings in police time, court time and custody, taking into account the average sentence length and cost for female offenders.

Savings also arise from a reduction in future re-offending. Understanding that a custodial sentence was the most likely disposal upon re-offending or breach of an order, we took into account a reduction of the use of police time, court costs and costs of a short-term custodial sentence.

Wider savings are also important. The Department of Health benefits from a reduction in use of drug and alcohol services, and local authorities achieve savings from a reduction in demand for their housing services. Given the connection between females in custody and increased likelihood of dependent children moving into care, we also estimated savings from this source.

Different Pathways

Indicative re-offending impact 13.6 per cent

Different Pathways⁶⁸ works with those leaving prison after serving a short-term custodial sentence and aims to resettle individuals back into the community and avoid re-offending. Evaluation provided for Different Pathways focused on re-offending rates of participants who have received the intervention and a local control group who left custody at a similar time and were not subject to the intervention.

Three months after leaving custody, on average 23.5 per cent go on to re-offend. This compared to the average re-offending rate of 46 per cent within one year of leaving custody. 14.8 per cent of Different Pathways participants re-offend within three months of release, which was scaled up to give a 29 per cent re-offending rate for one year. This gave a reduction in re-offending of approximately 17 per cent, which was scaled by 20 per cent to give a reduction of 13.6 per cent. It should be noted that this impact data was taken from an interim evaluation of the Different Pathways programme and was based on re-arrests over a short period of time. Therefore this evidence is indicative and should be treated with caution.

Sources of savings

We modelled the impact and potential savings from predicted reduction in re-offending.

Understanding the reduced likelihood of re-offending, we estimated the savings from a reduction in police time, court time and cost of disposal – looking at both the future likelihood of community orders and short-term custodial sentences being issued. We also factored in the likelihood of a repeat occurrence of re-offending, and the severity of the repeat occurrence.

As Different Pathways is a holistic resettlement programme, we also took into account savings to the Department of Health from a reduction in use of drug and alcohol services and improved health outcomes, savings from a reduction in local authority housing services, and savings to the Department of Work and Pensions through a reduced likelihood of unemployment.

Endnotes

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⁵⁹ Please note that the name of the intervention has been renamed to “Different Pathways” at the request of the original service provider to retain anonymity

⁶⁰ Interim Evaluation Report – provided by local authority working contact

⁶¹ Note that this applies only to the Restorative Youth Disposal intervention in our case study

⁶² In the case of Different Pathways, for example, this included taking into account: the proportion going to custody; the average sentence served; the number of repeat occurrences within two years; the potential for more severe offending; the cost of custody per year; the cost of courts; the cost of community sentences; reoffending statistics; and discounts for the quality of evidence in relation to drops in reoffending

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