Research Brief

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National Evaluation of Sure Start local programmes: An economic perspective

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Sure Start local programmes (SSLPs), the forerunners to Sure Start Children's Centres, aim to support young children and their families by integrating early education, childcare, healthcare and family support services in disadvantaged areas. The programmes aim to improve the health and well-being of families and young children, so that the children will have a greater opportunity to do well in school and later in life. This report considers the economic issues arising out of the evaluation of the impact of Sure Start local programmes in England.

Key messages

- On average, Sure Start local programmes (SSLPs) cost around £1,300 per eligible child per year at 2009-10 prices (or £4,860 per eligible child over the period from birth to the age of four).
- The economic benefits of early childhood interventions can be high, but they typically do not emerge until at least fifteen years after the intervention begins.
- By the time children reached the age of five, SSLPs had already delivered economic benefits of between £279 and £557 per eligible child. These benefits relate to the fact that parents living in SSLP areas moved into paid work more quickly than parents in comparison areas.
- There are several other small scale positive outcomes of SSLPs as measured at the age of five years, which have the potential to generate economic benefits in the future. These outcomes are:
  - less harsh discipline in the home.
  - lower rates of family chaos.
  - a richer home learning environment.
- There was also one potential source of negative economic impact: mothers living in SSLP areas reported higher rates of depression. Maternal depression is associated with children developing behavioural problems and with lower school attainment.

Sure Start local programmes - background

The first 524 SSLPs were established between 1999 and 2003. They were aimed at families with children up to the age of four living in disadvantaged areas. The aim was to bring together early education, childcare, health services and family support to promote the physical, intellectual and social development of babies and children. They were geographically targeted to specific disadvantaged areas and all children living in the targeted area and their parents were eligible to receive services. Each SSLP chose its own mixture of services and delivery methods, based on an assessment of local needs and consultation with parents. They also aimed to reshape, enhance and add value to existing services and to increase co-ordination between services.

The impact of SSLPs – economic issues

This report considers the economic issues arising out of the evaluation of the impact of Sure Start local programmes in England. It is complementary to the National Evaluation of Sure Start Impact Report[1]. The Impact Study followed up over 7000 five-year-olds and their families in 150 SSLP areas who were initially studied when the children were nine months and three years old. The outcomes for children and families in SSLP areas were compared with those for a comparison group of children and their families drawn from the Millennium Cohort Study (MCS). This comparison sample was selected based upon identifying and selecting children living in areas with similar economic and demographic characteristics to those in which the NESS sample resided, but which were not SSLP-designated areas and thus did not offer SSLP services.

International evidence suggests that early childhood interventions have the potential to generate much higher returns than investment in human capital at later ages. However, these returns take a long time to be fully realised, mainly because they come in the form of higher earnings in adulthood and lower rates of problematic behaviour (particularly offending) in adolescence and adulthood[2]. Crime is expensive for victims, for the state which has to investigate, prosecute and deliver sentences, and for those who offend in terms of reduced earnings potential. There is therefore a strong economic case for interventions which aim to mitigate the relationship between disadvantage and offending.

Measurement Issues

The report on the impact of SSLPs set out the cautions about the quality and reliability of the evidence related to the outcomes for children and families. These cautions apply equally to this analysis. The most important cautions relate to the fact that the comparison sample had to be drawn from the Millennium Cohort Study (MCS), a different survey with fieldwork undertaken on a different timetable. This means that although it is possible that the differences observed between the two groups can be attributed to the services provided by SSLPs, there may be other causes of the observed differences.

Another, potential more critical measurement issue relates to the availability of services to MCS children. Because SSLPs were an area-based intervention the evaluation was not measuring the impact of service use by individual children. Rather it was measuring the impact of living in an area where an SSLP was operating. Although children in the comparison group did not receive SSLP services, they were eligible for a range of early childhood health, education and family support services provided by local authorities, the National Health Service and voluntary organisations. Some of these services will have been very similar to those provided by SSLPs. If the services themselves (as opposed to the way in which services are organised and delivered) are responsible for improving outcomes, then the use of a comparison group who may also have

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[1] National Evaluation of Sure Start (2010) *The Impact of Sure Start Local Programmes on Five Year Olds and Their Families.* Department for Education Research Report DFE-RR067

[2] Karoly, L.A., Kilburn, M.R. and Cannon, J.S. (2005) *Early childhood intervention: Proven results, future promise*. Santa Monica, CA: RAND Corp.; Belfield, C., Nores, M., Barnett, W.S., and Schweinhart, L.J. (2006). The High/Scope Perry Preschool Program: Cost-benefit analysis using data from the age-40 followup. *Journal of Human Resources* 41(1): 162-190; Aos, S., Lieb, R., Mayfield, J., Miller, M. and Pennucci, A. (2004) *Benefits and costs of prevention and early intervention programs for youth*. Olympia: Washington State Institute for Public Policy; Aos, S., Miller, M., Drake, E. (2006) *Evidence-Based Public Policy Options to Reduce Future Prison Construction, Criminal Justice Costs, and Crime Rates.* Washington State Institute for Public Policy

received some services will understate the impact of SSLPs. This is particularly pertinent in the case of early years education.

The cost of SSLPs

Sure Start local programmes cost an average of £4,860 (including capital costs) per eligible child living in the area at 2009-10 prices over the four years that children and their families were eligible to receive services. There was substantial variation within this total. Around a third (36 per cent) of SSLPs had expenditure per eligible child which was below 90 per cent of the average, while around a quarter (24 per cent) had expenditure per eligible child which was at least 10 per cent greater than the average. In a typical year at 2009-10 prices the range was from around £450 per eligible child to around £2,500.

A breakdown of SSLP expenditure into different activities was only available up to 2004-05 because of a change in funding arrangements following the transition to children's centres. Up to this point 29 per cent of SSLP expenditure was incurred on play, learning and childcare services (excluding early years education for three and four year old children that was funded separately). Nineteen per cent of expenditure went on each of support for parents and community healthcare. Seventeen per cent of spending went on outreach and home visiting. Other service areas such as support for children with special needs and premises costs each absorbed between four and seven per cent of expenditure.

The level of expenditure on comparison group children is unknown. However, it is likely that both SSLP and comparison group children received on average similar levels of expenditure from mainstream health and education services.

Outcomes for children and families with economic consequences

The NESS Impact Study (November, 2010) found one outcome for children and families with short-term economic implications and four with longer-term implications:

- there were reductions in the proportion of children living in families where no parent was in paid work among both MCS and SSLP families between the ages of nine months and five years; however, the reduction was 3.6 percentage points larger among SSLP families than among MCS families.
- families living in SSLP areas showed less harsh discipline (effect size 0.24).
- families living in SSLP areas had lower rates of family chaos (effect size 0.29).
- families living in SSLP areas had a stronger home learning environment (effect size 0.27).
- mothers living in SSLP areas reported higher rates of depression (effect size 0.09).

The first four outcomes have a potential positive economic impact, while the fifth has a potential negative impact. In addition to these outcomes children growing up in SSLP areas experienced better physical health than children in non-SSLP areas.

Worklessness

Among both SSLP children and comparison children there was a fall in the proportion who were living in workless households at the age of five years compared with the proportion who were doing so at the age of nine months. However, families living in SSLP areas were more likely than comparison families to move from worklessness into work.

Fathers' employment rates do not vary much according to the age of their children, but mothers tend to move into work as their children get older, particularly once they have started primary school. This means that it is likely that parents living in SSLP areas have speeded up their transition into work compared with comparison group families, but over time comparison group families will catch up. We have assumed a lower limit of a one-year difference in timing (i.e. all the differential movement took place as children went to primary school) and an upper limit that entry to work was spread evenly across the four year interval between nine months and five years (giving an average of two extra years worked).

Research evidence suggests that most families moving into work have an income gain of around 20 per cent.[3] This, combined with the minimum income guarantee of £240 a week suggests that a typical net income gain would be around £50 a week. Benefit savings and tax receipts would amount to £5,140 per year per family moving into paid work. This amounts to an average lifetime economic benefit to society of between £279 and £557 per eligible child. Two-thirds of the economic benefit is received by taxpayers and one-third goes to families.

Longer-term potential economic benefits

Positive long-term economic impacts are likely to come through two routes:

- lower rates of conduct problems.
- higher educational attainment at age sixteen and beyond.

Conduct problems in children are strongly associated with offending in adolescence and adulthood. Between 80 and 90 per cent of all crime is committed by people who had conduct problems as children[4] , so a reduction in the incidence of conduct problems has the potential to reduce later offending rates. Higher educational attainment has the potential to generate significant returns both to the individual and to society more generally. Research based on cohort studies, following people from childhood into adult life have found that the lifetime earnings impact for an individual of gaining five GCSEs at grades A to C compared with not achieving them is between £80,000 and £100,000.[5]

The impact study found lower rates of harsh discipline in the home among families living in SSLP areas compared with comparison families. Harsh discipline has an association with conduct problems in children, so that lower rates of harsh discipline are likely to be associated with lower rates of conduct problems.

The impact study also found lower rates of family chaos and a slightly better home learning environment in families living in SSLP areas compared with comparison families. Family chaos is associated with poorer educational outcomes for children, while a more positive home learning environment is associated with better attainment. Taken together, therefore, these outcomes suggest that in the longer term (at age sixteen and beyond) children living in SSLP areas are likely to have better educational outcomes than would otherwise have been expected given their characteristics and those of their families.

What is uncertain is what scale of reduction is likely, given that there is no firm basis for projecting adult offending rates and persistence from circumstances at age five, and given that the effect sizes found in the impact study were small. It is very likely that SSLP interventions will lead to further positive benefits in future years, but the size of the benefits will not be known for another decade.

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[3] Adam, S., Brewer, M. and Shephard, A. (2006) *The poverty trade-off: Work incentives and income redistribution in Britain*. York: Joseph Rowntree Foundation

[4] Sainsbury Centre for Mental Health (2009) *The chance of a lifetime: Preventing early conduct problems and reducing crime.* http://www.scmh.org.uk/pdfs/chance_of_a_lifetime.pdf; Farrington, D. (1995). The development of offending and antisocial behaviour from childhood: key findings from the Cambridge study in delinquent development. *Journal of Child Psychology and Psychiatry* 36: 929-964

[5] Jenkins, A, Greenwood, C. & Vignoles, A. (2007). *The Returns to Qualifications in England: Updating the Evidence Base on Level 2 and Level 3 Vocational Qualifications.* Paper No CEEDP0089. Centre for the Economics of Education, London School of Economics and Political Science. http://cee.lse.ac.uk/cee%20dps/ceedp89.pdf; Blundell, R., Dearden, L. & Sianesi, B. (2004) *Evaluating the impact of education on earnings in the UK: Models, methods and results from the NCDS.* . London School of Economics Centre for the Economics of Education CEE DP 47. http://cee.lse.ac.uk/cee%20dps/ceedp47.pdf

Additional Information

The full report can be accessed at http://www.education.gov.uk/publications/
Further information about this research can be obtained from

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This research report was commissioned before the new UK Government took office on 11 May 2010. As a result the content may not reflect current Government policy and may make reference to the Department for Children, Schools and Families (DCSF) which has now been replaced by the Department for Education (DFE).