



The economic case for early years investment is robust

What is the economic case for investment in the early years? It has been strengthening for some time, but our national awareness of its foundation is still patchy. This brief summary highlights the kind of evidence now being used to support and implement financial decisions relating to early years spend within the UK.

Economic support

The Nobel prize-winning economist James Heckman has provided some of the most



James Heckman

convincing evidence for early years investment. As a labour economist, he is able to draw on large data sets that provide robust financial models. His data sets reveal that the earlier in life one

invests, the greater is the rate of return on that investment, as depicted in this seminal graph. The rate of return varies between approximately 1-3 and 1-15, depending on the outcomes one chooses to measure and the methods by which that measurement is carried out. That is, for every £1 that is invested in the early years, between £3 and £15 are saved later on. If we examine a longer lifespan, it is likely that returns increase. This evidence helps us to understand that where we are not investing in the early years, we are wasting money ¹.

Another major proponent of early years economics is Art Rolnick, who served as Senior Vice President for the Federal Reserve Bank of Minneapolis in



Art Rolnick

the USA. He tells the story of being challenged to write a report on the financial implications of early years investment. In the process, he moved from being rather dubious about the early years case to being absolutely convinced. With colleagues, he has now developed innovative models for funding early years education programmes that are transforming educational outcomes for children across the state of Minnesota and well beyond ².

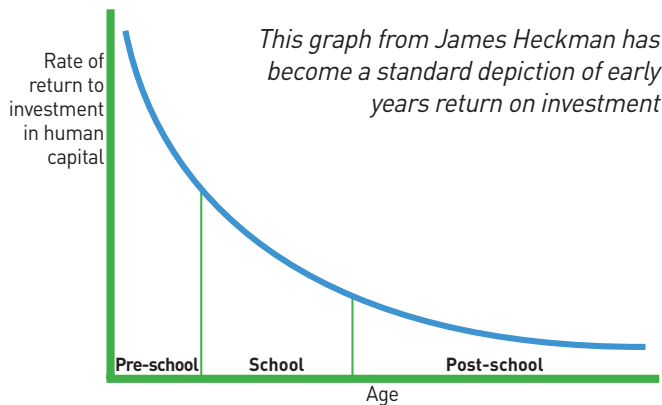
One further proponent is Alan Sinclair, who held the position of Director of Skills for Scottish Enterprise. Seeking to understand what qualities businesses desired in employees, he came to realise that key social capacities such as emotional self-regulation, empathy, and curiosity were established in the early years. He began to explain to others that if we wanted a strong work force, we needed to invest in their development before they could talk, not once they were teenagers ³.



Alan Sinclair

Empirical support

Is there good empirical evidence that what happens in the early years really does influence what happens in later years? Yes. One example comes from a US-based health research team. The ACE study – Adverse Childhood Experiences – used a retrospective design (that is, looked backwards in people's life trajectories) to show that a wide range of serious health problems in adulthood could be clearly associated with stress that had occurred in childhood. Liver disease, heart disease, and alcoholism were some of the many outcomes that resulted when people had had to cope with abuse, neglect, and emotional chaos during their childhoods. This means that



our National Health Service is bearing the cost of that chaos ⁴.

Another good example is provided by the Dunedin Multidisciplinary Health Research Team, based in New Zealand. This team of scientists has used a prospective design (that is, gathering data during childhood and following developments over time) to track how lives are shaped by early experience. They have been able to show, in a study now extending over 40 years, that children who are identified as being 'at risk' at 3 years of age have a much greater chance of becoming involved in violence by their early twenties. This means that society pays for children's fear by having to fund prisons ⁵.

Governmental support

Such economic and empirical evidence is now being taken seriously by a increasing number of governmental bodies. The Scottish Government, for example, undertook an Enquiry into Preventative Spend in 2010, led by its Finance Committee⁶. In 2012, it initiated the Early Years Collaborative, which provides a methodology for changing professional practice and thinking across the whole country⁷. During the same period, a national Parenting Strategy and a Play Strategy have been established. All of these signal the Scottish Government's commitment to an early years agenda.

An example of the Westminster Parliament's attention to the economic case can be found in the review undertaken on early interventions. In 2011, two reports were published that examined the evidence for intervention programmes and possible means of funding such programmes. The fact that an image of brain scans was used on the front cover of both reports demonstrates the strong link that now exists between the economics and the neuroscience ⁸.

Finally, local governmental bodies are adapting their spending strategies in accordance with the

economic evidence. Examples include Aberdeen City Council who, in 2013, will ensure that, during a single year, all 4000 of its early years staff are trained in basic infant neuroscience and attachment processes ⁹. Kent County Council, in 2011, published new reviews of their approach to health inequalities; their reports referred extensively to both the empirical and economic data now available for the early years¹⁰. The Big Lottery has set aside £165 million for distribution in 2013-2014, in an attempt to assist local councils in England who able to give serious commitment to making long-term change¹¹.

This summary provides only the briefest overview of the economic case now being made for early years investment within the UK. With more space, numerous other examples could of course be given. My aim here was a simple one: in providing an understanding of how the economic case for early years investment is growing, then more organisations might feel emboldened to reflect on their own spending strategies. My hope is that one of those organisations will be yours. Thanks.

Suzanne

¹ <http://www.heckmanequation.org>

² <http://www.youtube.com/watch?v=M02Z1vAuwBs>

³ <http://www.centreforconfidence.co.uk/projects.php?p=cGlkPTYxJmlkPTQ00Q==>

⁴ <http://www.cdc.gov/ace/index.htm>

⁵ <http://dunedinstudy.otago.ac.nz/studies/main-study/description>

⁶ <http://www.scottish.parliament.uk/Research%20briefings%20and%20fact%20sheets/SB10-57.pdf>

⁷ <http://www.scotland.gov.uk/Topics/People/Young-People/Early-Years-and-Family/early-years-collaborative>

⁸ <https://www.gov.uk/government/publications/early-intervention-smart-investment-massive-savings>

⁹ http://www.aberdeencity.gov.uk/CouncilNews/ci_cns/pr_earlyyears_180113.asp

¹⁰ www.kmpho.nhs.uk/EasySiteWeb/GatewayLink.aspx?allid=202738

¹¹ <http://www.biglotteryfund.org.uk/betterstart>