REPORT ON COST ESTIMATES FOR ACTIVITIES IN SURE START

Barkerend

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Introduction

Sure Start

Sure Start is a cross departmental public programme targeted at providing support for families and children from birth; particularly in areas of relatively high deprivation. Sure Start aims to improve the life chances of younger children through better access to family support, advice and training on nurturing, and access to relevant health and early years education services.

Whilst financed centrally by government, Sure Start programmes are developed locally in partnership with community groups, education authorities, social services, health services and other statutory, voluntary and private sector bodies, involved in providing services to parents and children under 4 years old. In common with many other public expenditure programmes, the Sure Start initiatives are funded against a specific set of objectives expressed as Public Service Agreements (PSAs). A key aspect of PSAs is the linking of public funding to agreed targets for achievement of outcomes.

A summary of the public service agreement targets for Sure Start programmes for the years 2003-04 to 2005-06 are set out in Table 1, Table 2, Table 3 and Table 4 below. These PSA targets are regarded as the demonstrable milestones towards Sure Start's ultimate aims and objectives and are expected to be achieved on average across Sure Start programmes fully operational at 1 April 2003.

Note that to provide a readily measurable basis against which to demonstrate progress at the local level, these targets are set in terms of processes and intermediate effects, rather than the final outcomes or benefits to Sure Start clients and families which the government seeks to achieve in the longer term.

Table 1: Improving social and emotional development

Objective	**Improving social and emotional development**
Targets	Reduce the proportion of children aged 0-3 in Sure Start areas who are registered within the space of 12 months on the child protection register by 2004
	All Sure Start programmes to have agreed and implemented, in a culturally sensitive way, ways of identifying, caring for and supporting mothers with post-natal depression
	100 percent of families with young children contacted by local programmes within the first 12 months of birth

Table 2: Improving health

Objective	**Improving health**
Targets	Achieve by 2004 in the Sure Start areas a ten percent reduction in the number of women who smoke in pregnancy
	Parenting support and information available for all parents in Sure Start areas
	All local programmes give guidance on breast feeding, hygiene and safety
	10 percent reduction in children in Sure Start areas aged 0-3 admitted to hospital as an emergency with gastro-enteritis, and respiratory infection, or a severe injury

Table 3: Improving ability to learn

Objective	**Improving the ability to learn**
Targets	Achieve by 2004 in the Sure Start areas a reduction of five percentage points in the number of children with speech and language problems requiring specialist intervention by the age of 4
	All children in Sure Start areas to have access to good quality play and learning opportunities, helping progress towards early learning goals when they get to school
	Increase use of libraries by families with young children in Sure Start areas

Table 4: Strengthening families and communities

Objective	**Strengthening families and communities**
Targets	Reduce the number of 0-3 year old children in Sure Start areas living in households were no-one is working by 10%
	75% of families report personal evidence of an improvement in the quality of the services providing family support
	All Sure Start local programmes to have parent representation on local programme boards
	All Sure Start programmes to develop local targets ensuring links between local Sure Start partnerships and Employment Service Jobcentres
	All Sure Start programmes to work with their EYCDP to help close the gap between the availability of accessible childcare for 0-3 year olds in Sure Start areas compared with other areas

At the time of this analysis, each of these objectives was subsumed under broader categories based on aggregations of particular activities or schemes within programmes. The four main PSA target areas relevant in 2003 are set out in Table 5 below.

Table 5: Main PSA Target Areas

• Child Protection
• Smoking
• Child Development
• Workless Households

Cost Effectiveness

All Sure Start programmes are required by the National Sure Start Unit to conduct local evaluations. There are two distinct elements to this. First an assessment of the service delivery and organisational aspects of each programme: examining how local services are developed to meet the needs of their populations, how the individual activities are operating and the perceptions and satisfaction of both staff and clients with the services provided. The second element requires some examination of the cost-effectiveness with which the activities under each programme are provided.

Cost effectiveness is an economic evaluation technique now widely used in the assessment of health and social care interventions. Economic evaluation requires two distinct components. First, economic evaluation is a comparative process. This reflects the fundamental economic principle that all resources are relatively scarce and can be applied to alternative uses. The second fundamental aspect of economic evaluation is that the assessment requires consideration of both the costs incurred and benefits obtained. All publicly provided services use scarce resource to obtain benefits. However, there may be different ways in which resources can be used in order to maximise these benefits. This is a matter of efficiency: maximising the

benefit obtained from a given set of resources or minimising the resources used to achieve a given level of benefit.

Guidance on evaluation of cost-effectiveness of Sure Start schemes has been provided by the National Sure Start Unit (Meadows, 2001) and reinforced by a series of regional workshops. These workshops emphasised two main elements that are expected to be performed locally. First a summary analysis of total expenditure within a Sure Start programme against the main PSA objectives. Second, some attempt to calculate unit costs in order to provide a basis for the analysis of the efficiency with which local Sure Start resources are being used. This is the approach adopted as part of this evaluation.

Quantifying Outputs and Costs for Local Cost Effectiveness

For appraisal to be effective it is important to have a clearly defined set of service objectives against which to measure success and relative efficiency. Where possible 'success' should be expressed in terms of gains in client-related benefits (processes and health-related outcomes) rather than crude activity-based measures of service provision. For many community based interventions, however, final outcomes may take many years to become apparent and so efficiency is measured against some intermediate or proxy measures of effect. This is the case here. Client-related final outcomes from Sure Start interventions may take many years, possibly decades, to emerge. In order to provide some basis on which to calculate comparative costs it is necessary to express these in terms of more immediate measures of effect, such as number of clients seen, consultations or places obtained. Whilst not ideal, it does provide an important starting point from which to look at issues of relative efficiency. Moreover, Sure Start programmes are commissioned with a number of specific goals and objectives in mind. These are implicit within the established PSA targets areas (Table 5) and provide one important basis against which to measure the use of Sure Start resources.

Summary analysis of overall programme expenditures against the main PSA target areas is obtained by allocating the expenditure recorded on the standard financial monitoring forms submitted to the Sure Start Unit (F10 forms) to the main PSA target areas (Table 5 above). The elements of expenditure in the F10 form are set out within Table 6.

Table 6: F10 Form expenditure headings

Main Expenditure Categories (F10 Form)
Core Activities
Outreach & Home Visiting
Support for Parents & Families
Play, Learning & Childcare
Community Healthcare
Special Needs Support
Additional activities
Action on Teenage Pregnancy
Relevant Crime Prevention & Reduction
Relevant Improvements to Parents' Employability
Other Expenditure
Spend on maintenance
Management & Administration Expenditure
Development & Evaluation Expenditure

At present, this exercise involves subjective judgement about the relative contribution of each scheme within programmes to the main PSA target areas. In future this process could be greatly facilitated if information systems were designed to allow the recording of staffing and activities to be assigned to PSA specific objectives so that more robust estimates of workload against the PSA target areas could be obtained from existing data collection.

Calculation of unit cost estimates is more involved. The main conceptual principles and research practice for the evaluation and calculation of unit costs in the context of

community-based care are well-established (Knapp, 1993; Beecham, 1995; Beecham, 2000). The following distils from this guidance, and the experience gained from this evaluation, the main principles to be followed in costing local Sure Start services. It is designed to provide a framework that Sure Start managers can use to begin to structure the collection of their local financial, resource and activity data in order to facilitate future work on costing and cost-effectiveness.

Any conventional approach to obtaining unit and/or programme costs requires five distinct steps. These are:

- Determine cost objectives
- Identify activities which contribute to cost objectives
- Estimate the resources used to provide these activities
- Value and aggregate the resources consumed to produce costs
- Relate costs to outputs (unit costs)

The first requirement is to be clear about why the cost information is required. This affects the level of detail and accuracy required. For example, costing against the broad PSA target areas needs only high level data on expenditures (the F10 forms) within Sure Start programmes apportioned to each area on the basis of some simple allocation rules. Unit costs, however, require far more detail and more sophistication in the allocation of resources not easily identified against specific activities.

The next step involves identifying activities which contribute to cost objectives. In the context of Sure Start, programme managers should begin by clearly defining a set of cost centres. These cost centres may be defined in different ways. Some cost centres will be based on type of activity: for example, crèches, training courses, home visiting services, parent & toddler groups, or a dedicated play-bus. Other cost centres may be defined more appropriately according to main type of input: for example, a physiotherapy service, a speech & language therapy service, or a dietician service. It is important at this stage to be able to define cost centres with quantifiable measures of output so that unit costs can be calculated (e.g. number of visits made, clients seen, courses provided, etc.) over a given period of time.

Estimation involves measuring or assigning resources to activities. In some cases this will be straightforward: for example, nursery nurses and assistants working on dedicated crèches within the programme can be assigned on the basis of the proportion of their whole-time equivalent (WTE) time applied to the scheme. Resources identified for assignment can be classified as either direct or indirect costs. Direct inputs are those which can be directly assigned to a particular service or activity. These include:

- staff - WTE time devoted to each service or activity;
- non-pay staff related and consumables - travel expenses; parents packs; etc.;
- equipment costs - purchase of computers and annual maintenance;
- use of facilities - rent and rates for dedicated accommodation; and,
- charges for specific services supplied - sessional costs by providers such as therapists or trainers, etc.

Assignment to activities is based on some form of direct apportionment or estimation. Indirect inputs are those which cannot practically be assigned directly to a particular service or activity. This category mainly comprises:

- general and administrative expenses - management, financial and other expenses related to the general management (including planning), administration and supervision of a service; and,
- overhead expenses - capital and equipment, facilities and accommodation expenses not dedicated to a specific service but used by a number of services or activities.

Assignment to activities is based on some form of general apportionment or estimation. General apportionment is usually based on some appropriate proxy for *consumption* of the resource by an activity or cost centre (e.g., general management costs apportioned as a proportion of activity or direct costs incurred, or use of a facility based on area and frequency of use).

Valuation of resource costs depends on which cost values are available. For many resources actual prices for paid inputs can be used (e.g., actual salary costs of staff, plus on-costs) or actual expenses or charges incurred (consumable costs used for specific activities).

As capital and equipment resources provide services over time it is important to annualise these costs over the expected life of the asset. Annualising capital costs can be relatively easily achieved by building formulas into spreadsheets and databases collecting cost data, using established accounting or economic procedures (Drummond, *et al*, 1997). Advice provided at a workshop on calculating unit costs in local Sure Start programmes did suggest that building and facility costs could be ignored. Whilst this would greatly simplify the process, there may be serious limitations to some of the costs calculated without including major elements of capital cost. An important principle of unit costs estimation is that they should reflect 'long-run marginal opportunity costs' (Beecham, 2000).

> "… the convention is to approximate long-run marginal costs using short-run average costs that include all revenue elements as well as the costs of buildings and equipment (capital) and overheads such as management, personnel and administration." (Beecham, 2000).

In addition, in the short-run, buildings and facility costs are treated as fixed costs; that is they do not vary as activity levels increase. Where fixed costs represent a significant proportion of total costs, volumes of throughput are important to efficiency as unit costs decline rapidly with increasing outputs. Where expensive capital is dedicated to specific uses or types of clients then these scale effects may produce significant differences in unit costs according to specific client services. Also investment in new and larger dedicated facilities as Sure Start programmes become established may permit significant step increases in activities that would mean important economies of scale may be ignored when calculating unit costs in the

future[1]. Finally, many of the comparative costs used to benchmark the calculated units costs against will include overhead and capital costs (Netton and Curtis, 2003).

The final stage is to relate costs to outputs produced in order to calculate unit costs. Note that both costs and outputs obtain over time; resources are consumed over time as outputs are produced. Therefore, costs and outputs should be expressed in terms of the same period of time. Sampling of costs and outputs can be used where a full years data is not available, but then it is important to ensure that the sample is sufficiently representative. Care needs to be taken that important seasonal variations are not overlooked or that the sample period chosen is representative of normal operation when a new service has had time to 'bed-in' or become established.

Barkerend

Barkerend Sure Start is a trailblazer programme located in one of Bradford's most disadvantaged areas. The programme operates comprises communities in the city bounded by Killinghall Road in the north, Barkerend Road and Leeds Road. The area has significant diversity. In 1999, it was estimated that 47% of the population were of Pakistani origin, 7% were Bangladehi, 7% Indian and 32% were white, plus a small African Caribbean population. Barkerend Sure Start comprises some 600 households in total with and an estimated 1600 children under 4.

In order to serve the cultural diversity and levels of social exclusion which obtain within the Barkerend area, the programme has developed a wide range of specific activities to encourage engagement with the local community. Although the area is a densely populated, urban part of Bradford, paradoxically access to services is limited both by its compact geography (with limited public transport *within* the area) and high levels of deprivation (with a relatively high proportion of the population, especially women with young children, without private transport). Activities within Barkerend Sure Start are provided on a number of sites distributed across the locality. The main sites include: Byron Play Den; the Women's Zone; and, Ventnor Hall. The Women's

[1] Economies of scale occur when average total unit costs decline as scale increases

Zone was only commissioned in July 2003. In addition to the main static sites, the programme also has a mobile Playbus operating across the patch. Barkerend's main office accommodation has been based in The Poplars, a temporary 'Portakabin' structure situated on the Leeds Road hospital site. The office accommodation will move to a new Sure Start Centre to be commissioned in 2004. The main activities identified at the time of the evaluation are set out in

Table 7:

Table 7: Main activities or schemes undertaken in Barkerend Sure Start programme [1]

Scheme	Purpose/Delivery
Parental involvement (outreach family support)	**Facilitate parents engagement. Home visiting and attendance at functions and events Only began in April 2003**
Family support (outreach family support)	**Home visiting and organised events**
Employability and community training	**Providing courses and training opportunities**
General home visits (outreach – health support)	**Health visits to identify problems, refer on and enhance skills/knowledge**
Ante-natal visiting (outreach – health support)	**Home visiting support to expectant mothers**
Post-natal visiting (outreach – health support)	**Visits at 6-8 weeks after birth; emphasis on identifying needs**
Race equality unit programme	**Parenting training to members of ethnic minority community**
Home visiting service (outreach – play learning and childcare)	**Home visit to establish contact with all new parents within locality to assess needs, discuss concerns about childcare and indicate support from Sure Start activities**
Play in Home Scheme	**Visit children referred for service because of identified needs.**
Mobile Playbus	**Mobile service serving Barkerend community to allow children to access learning activities. Aims to reach families difficult to access. Began in June 2002**
Playgroups, crèches and parent and toddler groups	**Operate in a variety of locations in area**
Laisterdyke library and bookstart	**To encourage library membership and deliver books to target group**
Physiotherapy service	**Fast-track referral to paediatric physiotherapy**
Speech and language	**Promoting language skills in target group**
Dietician service	**Support to weaning and food hygiene activities**
Home safety scheme	

[1] Note that this is not an exhaustive list. For example, Barkerend provides parents with opportunities to produce a newsletter and attend and participate in the Executive Board. There are also various trips and specific events.

Methods

Given the limited time available for this part of the evaluation, it has only been possible to extract information from a range of existing documents in order to estimate costs and outputs. No specific piece of research into the estimation of economic costs and outcomes has been undertaken. This also means that it has not been possible within the present evaluation to adopt the sort of broad and inclusive perspective preferred by economists. In many cases, interpretation and apportionment of resources, expenditures and related activity required discussion with programme managers. However, systems were not in place to identify particular schemes or activities as appropriate cost centres.

The evaluation is also limited to an assessment of costs incurred within Sure Start schemes only. Costs obtained, however, were not limited to services only paid for under Sure Start budgets; resource contributions from other agencies to Sure Start schemes were included as part of the cost envelope of that service (as was the activity). Within the time available, however, it was not feasible to quantify any potential opportunity cost impact of Sure Start provision on mainstream services such as the health and education sectors.

The general approach to unit costing adopted was as set out earlier, with the following cost elements measured and apportioned to specific schemes:

Staffing (pay-related expenses): - allocated either according to direct allocation based on known contribution to a scheme or general estimation. The direct cost for each member of staff engaged in Sure Start was taken from expenditure statements. Costs were allocated using salary costs for each type and grade of staff (including employer's on-costs), pro-rata to the proportion of a 'whole-time equivalent' input to the service. Where staff worked on a number of activities, the consumption of each type and grade of staffing input by scheme was estimated using the average number of sessions per month for each scheme. In the absence of either, some form of general estimation was made in consultation with the programme manager.

Non-pay expenses (travel and subsistence costs expenditures incurred): - based on allocated staffing.

Consumables: - based on recorded expenditures against individual schemes or apportioned in consultation with the programme manager. A range of annual expenses are incurred for consumables by individual schemes. Items include: stationery, printing expenses and other administration consumables; annual maintenance charges and IT support; annual service-charges, etc..

Capital and facility costs (capital expenditures on new or existing facilities, including refurbishments, and equipment purchases, all expected to provide services over a number of future years). These costs were 'annuitised' based on estimated asset life and expected final scrap or resale value. The annual equivalent cost for each asset or facility cost was calculated according to standard economic procedures, using a discount rate of 3.5% (HM Treasury Green Book, 2003). The consumption of the services by each scheme was estimated in conjunction with the programme manager based on proportion and frequency of use of facilities by specific schemes. Capital assets or costs directly related to a specific activity were included as part of the dedicated costs of a particular scheme.

General management and administration costs – treated mainly as overhead costs, these were allocated in consultation with the programme manager based on estimation of contribution to operation of individual schemes.

For the operation of the individual schemes, outputs have been assessed using activity records and estimates provided by the Sure Start manager. A particular problem for the cost-effectiveness evaluation was that activity data for the various schemes operating within Barkerend Sure Start was based on a 12 months period ending in January 2003. Work was underway to load more recent activity data on the programme's database ('So*ft*Smart'), but this was not available at the time of the costing exercise. Therefore some of the activity data attributed to specific schemes

may not be representative of current activity levels. This needs to be clearly borne in mind when interpreting the calculated unit costs presented later.

Table 7 above has already set out the range of activities or schemes operating within Sure Start Barkerend within 2003, the period for which the evaluation relates. As indicated above, not all individual activities undertaken in Barkerend were suitable for costing within the evaluation. In order to obtain some more meaningful unit costs, those activities or schemes with recognisable common themes or target groups were classified together for the purposes of costing and analysis. Examples include: crèches and parent and toddler groups of various types; a wide range of different types of events and training to improve parent employability and skills; outreach and home visiting work for health and family support; and the contributions from specific services such as physiotherapy, Speech and Language Therapy (SALT) service, dietician and midwife services. One distinctive scheme to operate within Sure Start Barkerend is the mobile 'Playbus'.

The final list of categories used for calculating units is as follows:

- Outreach services
- Crèches &Parent and Toddler Groups
- Mobile 'Playbus'
- Physiotherapy service
- Speech therapy service
- Dietician service
- Midwife service
- Parent employability and community training activities
- Home Safety Scheme

It should be noted that all costs were expressed in 2003 prices and all output data based on, or adjusted to represent, a full 12 months activity.

Results

Expenditure Allocated to Main PSA Target

Table 8 below provides the summary of overall programme expenditures in 2002-03 against the main PSA target areas.

Table 8: Programme expenditure and PSA target areas, 2002-03

Allocated Expenditure (including overheads)

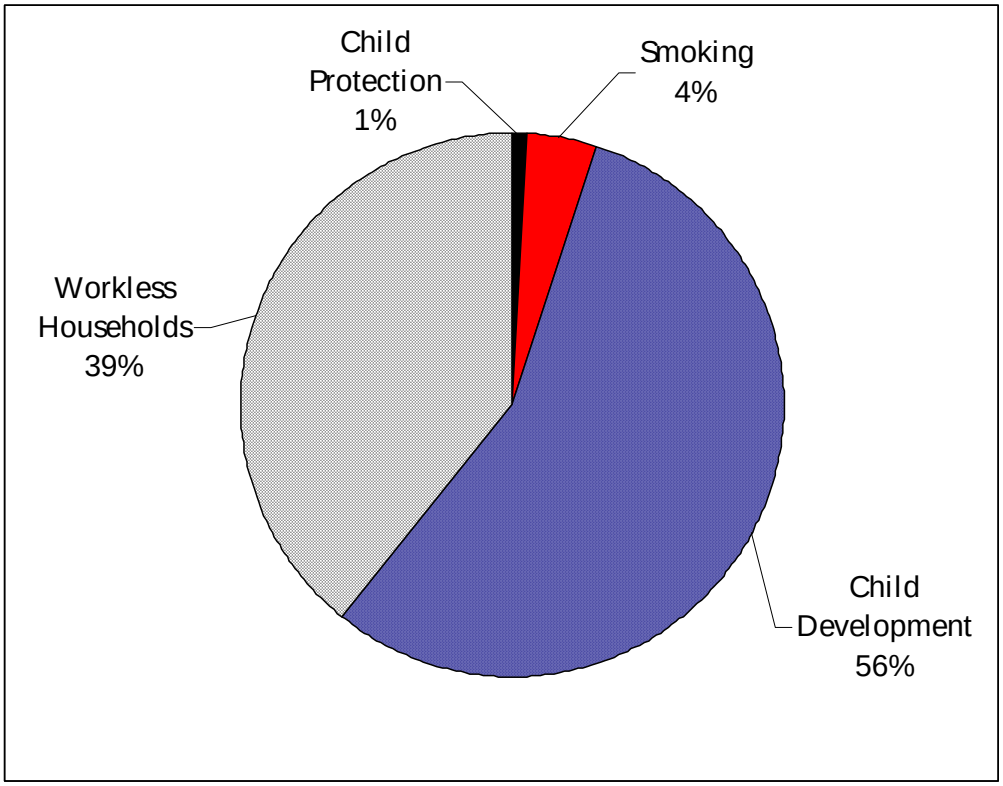
Core Activities	**Child Protection**	**Smoking**	**Child Development**	**Workless Households**
Outreach & Home Visiting	£1,548	£7,739	£108,349	£37,148
Support for Parents & Families	£1,854	£7,414	£83,410	£92,678
Play, Learning & Childcare	£2,182	£8,729	£130,940	£76,382
Community Healthcare	£1,805	£9,023	£108,278	£61,358
Special Needs Support	£1,287	£5,148	£90,085	£32,173
Additional activities				
Action on Teenage Pregnancy	£0	£0	£0	£0
Relevant Crime Prevention & Reduction	£0	£0	£0	£0
Relevant Improvements to Parents' Employability	£0	£0	£0	£67,923
TOTAL EXPENDITURE	**£8,675**	**£38,054**	**£521,063**	**£367,662**

This data shows that over half of all programme expenditures in Barkerend are devoted to schemes related to child development and almost 40% to workless households. Less than 1% is allocated to the heading of child protection and slightly more to smoking cessation activities. This is illustrated in Figure 1 below.

It is important to reiterate the quite crude and subjective nature of the estimation of the relative contribution of programme activities to PSA targets contained in the exercise represented by Table 8 and Figure 1. The figures can only be approximations. In addition, there is an inevitable artificiality about the way activities

are allocated to PSA targets. Some schemes serve multiple purposes simultaneously and therefore allocating a scheme to one PSA area may underestimate the contribution of a Sure Start programme to others.

Figure 1: Percentage of programme expenditure by PSA target area, 2002-03



Analysis of overall expenditure also shows that management, administration and development expenses (including funds set aside for evaluation) amounted to 17% of total programme costs in 2002-03.

Unit Costs

The results for the unit cost calculations are given in Table 9 below. These costs are based on the estimated total number of clients seen (or course attendees) for the main activities listed. The unit cost is based on a simple division of estimated annual cost

by annual activity; both shown within the table The costs include all staffing, consumables and other revenue expenses allocated to each scheme group, and includes apportioned overheads for management and administration costs and annualised capital and equipment costs.

Table 9: Calculated unit costs for selected activities/schemes within programme, 2003

Activity or Scheme	Total Cost	Estimated Activity	Unit Cost
Outreach and home visiting for health support	**£84,462**	**2008**	**£42**
Outreach and home visiting for family support	**£35,028**	**1164**	**£30**
Outreach and home visiting for play, learning and childcare	**£112,329**	**1618**	**£69**
Dedicated crèches/parent & toddler groups	**£87,089**	**1461**	**£60**
Playbus	**£92,703**	**839**	**£111**
Physiotherapy service	**£31,015**	**314**	**£99**
Speech therapy service	**£38,614**	**449**	**£86**
Dietician service	**£33,780**	**611**	**£55**
Midwife service	**£22,960**	**215**	**£107**
Employability and community training activities	**£60,676**	**1236**	**£49**
Home safety scheme	**£16,458**	**347**	**£47**

Recall, as indicated earlier, that not *all* individual schemes/activities provided within these cost estimates are included above. Note, also, that the unit costs presented in Table 9 have not included the annualised capital cost of the Women's Zone. The Women's Zone capital cost is estimated to be some £342,000 plus an additional

£30,000 for fixtures and fittings. With an estimated asset life of 25 years and using a discount rate of 3.5%, the annual equivalent cost of this facility is £22,570. With estimated operating costs of £26,000 per annum, the Women's Zone annual cost is an estimated £48,570. This is a significant amount. However, the Women's Zone was only commissioned in July 2003; therefore the Barkerend activity data used reflects a period before this extra facility capacity came on stream. The annualised cost of the Women's' Zone, and the new Sure Start Centre, should be included in future unit cost estimates when the activity levels include the use of these resources.

It is important to remember that the unit costs shown here are based on estimates of costs and activities for the sample period and based on 2003 prices. Given the absence of any systems and processes in place to specify appropriate cost centres and ensure data on expenditures and activities has been *routinely* allocated to these cost centres, many elements of cost have been based on general apportionment rules. As a result, some of the calculated unit costs will be sensitive to a number of specific local issues:

- The accuracy of the activity data used to estimate the annual workload or outputs of the individual schemes.
- The definition of specific schemes. In order to respond to local need, specific schemes with ostensibly the same name (e.g., home visiting for health support, community training) may comprise different inputs and employ different methods of delivery. These differences may produce significant variations in unit costs.
- The degree to which schemes are distinct or operate in conjunction with others (e.g., crèches provided as part of training events), and hence the extent to which there are joint costs. Joints costs may be difficult to disentangle and apportion to particular activities.

Some appropriate comparative costs for these activities can be obtained from the 2003 edition of The Unit Costs of Health and Social Care (Netton and Curtis, 2003). Outreach/home visiting activity costs can be compared with the unit costs of health visitor contacts. The following costs are presented within Netton and Curtis for health

visitors: £27 per home visit and £76 per hour spent on home visits[2]. At £69 per client, the Sure Start costs for Play. Learning and Childcare outreach work may appear to be on the high side. However, the 2002 activity figures may not adequately reflect the work of this team in 2003 as Sure Start programmes gain momentum as experience and engagement with local communities increases over time during the initial years of operation. In addition, there are a number of activities provided by the team, such as training and teaching events, that are difficult (without far more detailed work) to separate out from the main activity of the staff. Moreover, output levels per staff are likely to be lower within Sure Start programmes because of the nature of the client populations: more difficult to access and with greater or more complex needs than those routinely seen within conventional health service settings. In other words, part of the variance may be explained by important case-mix differences.

Available comparative costs for dietician services within Netton and Curtis are: £28 per hour in clinic and £50 per hour of home visiting. Note that these refer to hospital based dieticians.

A unit cost for Speech and Language Therapy (SALT) services in Netton and Curtis is £40 per hour of client contact; compared with £86 for the Barkerend programme. This local cost seems relatively high. There are a number of possible reasons for this. First, the Netton and Curtis costs refers to a hospital based Speech and Language Therapist, so there are likely to be some significant case-mix differences between the types of clients seen in conventional services compared to those under the Sure Start programme. These include the younger age of the client group in Sure Start settings and the frequent use of home-based visits to facilitate attendance. Second, the activity data identified for the SALT service may underestimate the output contribution from the speech therapist. The speech therapist is present at a number of events and activities, providing advice and support, which the activity data collected on the database in 2002 may not adequately reflect. The full contribution of the service may need to be established by more detailed analysis of work against specific schemes provided within Barkerend.

[2] These exclude the costs of obtaining/maintaining qualifications as no attempt was made to estimate these costs for Sure Start staff.

The unit cost of the midwife service of £107 can be compared to the Netton and Curtis costs for a District Nurse of £17 per home visit and £49 per hour spent on home visits (specific midwife costs are not provided). The unit cost of the physiotherapy service of £99 can be compared to Netton and Curtis costs for a community physiotherapist of £38 per hour of clinic contact and £42 per home visit. Note, however, that similar qualifications to those applied to the interpretation of the SALT service will apply to the midwife and physiotherapy work and updated activity data should be sought and more detailed analysis of workload undertaken. Moreover, for the physiotherapy service there are some significant case-mix differences between the types of clients seen in conventional services compared to the paediatric target group under the Sure Start programme (Malik, Csikar & Williams, 2004).

The Playbus cost of £111 per client seen seems relatively high. Again this may reflect activity levels based on 2002 data and more up-to-date data should be obtained before any more detailed analysis is undertaken.

Discussion

The costs presented in the previous section provide some prima facia evidence for relatively high unit costs in some services. However, these results need to be treated with some caution until further analysis is performed. It is important to appreciate that the information presented in this report should be regarded as the start of a continuing process of routinely examining costs and relative efficiency within Sure Start programmes. Particular qualifications apply for the following reasons:

- A number of schemes do not operate as distinct activities with a clearly defined envelope of costs and outputs. For example, a family support session operating each week within Byron Play Den operates alongside a crèche; therefore the initial analysis presented here may contain a number of crude assumptions for the allocation of some costs. More detailed work on specific areas needs to adequately explore the effects of joints costs.

- High unit costs may be explained by an unrepresentative sample of activity data based on an early start-up period with this type of Sure Start service.

- For outreach services, case-mix differences, especially addressing clients who are difficult to reach and with complex needs, may explain some relatively high unit costs.

These examples also illustrate some important difficulties facing Sure Start managers in Bradford when trying to grapple with the issue of efficiency and cost-effectiveness. At present there are a number of significant deficiencies in the information systems for supporting Sure Start programmes. Sure Start managers need to have information systems to support both their strategic and operational responsibilities, including reviewing the efficiency with which their services are provided. At present, however, the information collected on expenditures, resources used (staffing and facility costs, in particular) and activities (as measures of outputs obtained) are not systematically

collated and related to each other within the information systems used to collect routine data. This is an important missed opportunity.

In addition, in the absence of detailed information against cost objectives and associated cost centres, robust costs could only be obtained using some form of ingredients based micro-costing exercise. This means that a number of limitations should be recognised in the context of interpreting the results in Table 9 above.

At the practical level many Sure Start programmes are highly individualised, in order to meet the specific needs of their client populations. In addition to the different types and levels of need, local catchment areas have a range of particular characteristics - demographic, social and cultural - that significantly affect the way services have to be organised and delivered. This means that there are many disparate activities within each Sure Start area. The organisation and content of each is often significantly different in different localities to reflect local needs and circumstances which condition how the service can be delivered. This means that there are very likely to be important case-mix differences between the types of clients seen within Sure Start programmes and those 'represented' by any average costs used for comparison against the local unit costs obtained. The underlying heterogeneity of costs, related to specific case-mix differences, should be explicitly recognised when comparing the relative efficiency of schemes provided under Sure Start against similar services provided under conventional public or private alternatives (e.g., SALT services within the NHS or private crèche costs). This makes any straightforward comparison of unit costs difficult and potentially misleading. Nevertheless, it will be possible to use the unit cost data produced as a framework within which to consider whether the same public objectives and effects could be obtained by eliminating unnecessary waste or by using resources in different ways. The unit costs calculated can be compared with similar or near-market values to provide a starting point for the benchmarking of performance.

A further practical limitation to a local 'cost-effectiveness' evaluation of Sure Start should also be made clear. The range of services and individual schemes in each Sure Start programme means that there may be a number of small or peripheral activities

for which the difficulties of estimating a unit cost outweigh the benefits of doing so; particularly given the limited resources available for this type of analysis. This explains why not *all* individual activities were costed as part of the evaluation.

Finally, the interpretation of units costs also needs to be carefully related to the overall objectives of the Sure Start initiative. Whilst it is necessary to ensure that scarce resources are used as efficiently as possible, other objectives may be important. When developing new ways of delivering services decision-makers should also be explicit about what other important objectives should obtain, especially where these may involve significant efficiency trade-offs. Sure Start programmes are good examples of publicly provided services that have other long-term goals, such as addressing issues of poverty, inequalities and social exclusion. The worth of a local programme, and more particularly some of the individual schemes operating within a programme, cannot be assessed purely on the grounds of efficiency. Equity and cost-efficiency can present as competing goals in the context of the financial management of specific activities within Sure Start Programmes.

Recommendations

1. In order to ensure consistency between the cost and the output data used for calculating unit costs, recorded activity on sessions, events and clients seen should be updated and maintained for a consistent period. Updated 2003 figures for activates could be produced and compared with the total estimated costs to establish whether the figures obtained in Table 9 are representative.

2. Programme expenditures and activities should be assigned appropriate costs centre codes to facilitate future analysis of unit costs. Recording expenditures and activities against defined cost centres should be undertaken routinely to minimise the data collection burden and ensure that future high-level unit cost estimates can be produced as a by-product of operational information systems within the Sure Start programme.

   Discussion should be undertaken, in collaboration with other Sure Start programmes, to consider developing the use of the 'So*ft*Smart' system to establish cost centres and record activity and workload by staff against these cost centres. This requires that the database be expanded to include financial/expenditure data as well as information on activity.

3. While further clarification may be obtained from updated activity figures for 2003, it is also important to be clear as to whether case-mix differences actually provide sufficient explanation for the variation in unit costs. Additional work could explore cost and efficiency issues around the use of the physiotherapy, dietician or SALT services in Barkerend. This should explicitly include a more detailed recognition of the varied contribution of the relevant staff to a range of activities and the need to identify joint costs using workplans and some activity sampling. Finally, 'the consumer voice' represents a key element that needs to be 'valued' but is outside the current assumptions as is the potential for more favourable outcomes with the provision of a more user-friendly facility.

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