DEMOS

POWERING PREVENTION

HOW TO REFORM THE STATE'S FINANCIAL ARCHITECTURE TO ENABLE PREVENTATIVE PEOPLE-CENTRED PUBLIC SERVICE REFORM

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All arguments represented here are our own and do not necessarily represent the exact views of our partners or contributors.

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ABOUT THIS REPORT

Demos is Britain's leading cross-party policy think tank. We work to upgrade democracy, to repair the broken relationship between state and citizen. Public services are where wear and tear in that relationship is happening every day and our work on **Public Service Reform** focuses on how we can achieve more relational, preventative and effective public services to help build back trust that democracies can deliver with and for people.

This paper forms part of Demos's *Powering Public Service Reform* programme, which is looking at how the centre of government needs to change to achieve that shift. Previous work in the programme has examined the cultural and narrative conditions for reform. Future work will look at accountability systems and digital enablement. This paper turns to the funding question: how the state's financial architecture needs to be rewired if the prevention ambition that is now widely shared is ever to become a reality.

This paper focuses on tangible specific measures that, when taken together, articulate a funding approach that enables the adoption of preventative measures at scale and as a core function of government rather than as an approach to be piloted.

EXECUTIVE SUMMARY

This government has set out a bold preventative ambition, but this ambition is hampered by a funding system that fails to deploy preventative approaches at scale.

While there are green shoots of preventative activities, which deliver both better outcomes for citizens, and reduce pressure on finite state resources, they remain small-scale, time-limited, and bolted onto existing systems rather than embedded within them.

Breaking out of the cycle of pilotitis, and making prevention a core, funded, and accountable feature of how government operates, requires more than political commitment. It requires rewiring the financial architecture of the state.

This paper identifies three barriers to embedding preventative spending at scale, and proposes three practical interventions to address them.

BARRIER 1
THE RATIONALE FOR PREVENTION SPENDING IS MUDDLED

Prevention is a broad and contested category, and even its strongest advocates conflate distinct types of intervention with distinct fiscal logic. This paper distinguishes four categories of prevention spend:

1. Revenue increasing
2. Cost saving
3. Cost reinvesting
4. Outcome improving

Each requires different funding vehicles, different evidence thresholds, and different evaluation approaches. Conflating them, using fiscal arguments for outcome-based interventions, or applying the same scrutiny to foundational prevention as to borrowing-backed capital investment, has itself been a barrier to progress.

SOLUTION 1
ESTABLISH A COMMON FRAMEWORK FOR PREVENTION SPENDING

Government should establish three complementary funding vehicles, which can be deployed in different ways to fund the different categories of prevention spending outlined above.

1. A **National Renewal and Investment Fund**, managed by HM Treasury and modelled on the Early Intervention Investment Fund in the Australian state of Victoria, should allocate capital to interventions with a direct fiscal return, those that demonstrably reduce future costs or generate tax revenue.
2. A dedicated **prevention strand** within the existing £3.5bn Transformation Fund should support the transition to prevention, particularly the double-running costs associated with shifting services to preventative models.
3. A **Preventative Foundations Fund** should grant resources to local authorities, in accordance with need, to invest in primordial and foundational prevention, the community infrastructure, social cohesion, and built environment that underpins everything else but cannot be attributed to any single departmental cost centre.

These funds should be designed to work in concert, ensuring good projects can find resources without falling between categories.

And, to ensure these systems are having the expected impact, the government should broaden the remit of the National Audit Office, to provide independent scrutiny of the savings achieved and the efficacy by which the government is adopting preventative measures.

BARRIER 2
THE MACHINERY OF GOVERNMENT IMPEDES A PREVENTATIVE SHIFT

Government departments are organised around legacy policy verticals rather than outcomes, cohorts, or places. These institutional structures shape institutional incentives and govern which projects are prioritised, currently incentivising officials to opt for those programmes and interventions which deliver benefits quickly and within their own remit.

For example, when the benefits of a department's spending accrue elsewhere, neither the fiscal saving nor the political credit returns to the spending department. And the further upstream the intervention, the more diffuse the benefit, reducing the likelihood that any single department will prioritise it.

Equally where departments do decide to collaborate to tackle invidious challenges, the way the system accommodates (or fails to) these collaborative spending bids, often hampers their ability to partner effectively.

Our spending review cycles are shorter than the international average and rarely scrutinise long-term or legacy spending. The result is an uneven playing field; established institutions and programmes are treated as a given, without the requirement to restate the case for their existence (even where contexts and citizen needs have changed), while new and innovative

approaches, including preventative measures, must clear a far higher evidential threshold set by a sceptical HM Treasury.

The Green Book, the government's official framework for appraising and evaluating public spending decisions, itself sets out guidance that makes it harder for officials to demonstrate value for money of preventative measures, even where real world evidence bears this out. The Green Book discount rate underweights long-term benefits and excludes secondary fiscal effects, including the tax revenue generated by interventions that improve employment outcomes, systematically undervaluing programmes designed to prevent harm before it occurs.

SOLUTION 2
REWIRE THE SYSTEM

Technical fixes alone will not produce lasting change; the way funding decisions are made across the public sector require substantive reform, particularly those decision making processes and systems situated in Whitehall.

This report does not attempt to redesign the funding system from first principles, instead articulating a set of measures which will help shift funding from higher cost downstream interventions, to upstream preventative ones.

Recommendations to shift to significant preventative spending:

- Fiscal devolution offers a prime opportunity to embed prevention differently at the local level: HM Treasury should ringfence a proportion of devolved funding for prevention, beginning at a minimum of five per cent, with places reporting on spend as a condition of allocation.
- The government should adopt PDEL, Preventative Departmental Expenditure Limits, as a new budgetary category, requiring all departments to report on preventative spending and creating a transparent baseline from which progress can be tracked and held.

Targeted, specific recommendations that can be adopted quickly whilst still driving a substantive shift to more preventative spending:

- The independent review of the Green Book discount rate should address the underweighting of long-term benefits and incorporate plausible secondary fiscal effects.
- And, the National Audit Office should be given an explicit institutional objective to monitor and report to Parliament on preventative spending, its scale, its trajectory, and its effectiveness, providing the independent accountability that this agenda has lacked.

BARRIER 3
A LACK OF POLITICAL LEADERSHIP TO TRANSLATE THE GROWING CONSENSUS INTO A MATURE, TRADE-OFF BEARING, POLITICAL CASE THAT VOTERS CAN ENGAGE WITH

Despite broad support for prevention, the argument for prevention has yet to be taken up by political leaders and be translated into a load bearing argument that can enthuse voters.

This lack of political argument is for a variety of reasons. First, prevention lacks a defined electoral constituency. Unlike promises of more school places or affordable homes, the benefits are diffuse and deferred. Second, embedding prevention requires changing and reimagining systems and habits built to direct short term spending to address acute need. Driving reform in this space demands sustained political commitment most governments and political leaders have been unwilling to provide. Third, and most importantly, prevention means diverting resources away from immediate needs, sometimes towards low-probability risks, sometimes towards outcomes so long-run and diffuse that they struggle to compete with the tangible and the visible. In a political culture that rewards the short-term, politicians are wary of making a case that could seem them punished at the ballot box.

SOLUTION 3
MAKE PREVENTION A WHOLE-OF-GOVERNMENT PRIORITY

The national crisis facing young people not in education, employment or training, provides an opportunity for politicians to make the case for prevention in ways that will resonate and cut through with citizens. It is vital political leaders harness this chance and articulate and communicate a political case for prevention, not grounded in technocratic language but by appealing to citizen values and a desire to improve the lot of future generations.

And, having harnessed the case for prevention, the government should explicitly commit to prevention as a core component of national renewal. To translate that commitment into durable action, this report proposes the Cabinet should agree to the following:

- The government should harness the current NEET crisis, to make an explicit, sustained political case for prevention, framed around the public's desire for the next generation to have better opportunities and a better life.
  - This case should be prosecuted by the Prime Minister and senior cabinet ministers, appealing to citizens' political values over the technocratic efficacy of preventative methods.
- Nominate a Cabinet champion, who can hold their political colleagues and specific institutions accountable for shifting funding towards prevention.
- The Chancellor should establish and sponsor a 'Prevention Investment Unit', within HM Treasury, to encourage support departments in making the shift to more preventative approaches.
- Agree a limited list of 'Priority Prevention Outcomes'; a set of specific, measurable (and likely cross-departmental objectives), and provide dedicated multi-year funding,

These measures are intended as a signal to the public servants and local leaders responsible for implementing the necessary changes that this time, the political commitment is real.

CONCLUSION

Taken together, these measures provide a coherent framework for measuring and understanding prevention; a funding system which no longer incentivises actors towards downstream funding, and clear political ownership to signal to the broader system that prevention is a priority.
If adopted these would mark a decisive shift: from a state that inadvertently discourages prevention to one that actively enables it, at scale.

INTRODUCTION

The case for prevention is firmly made. Evidence shows it can tackle inequality, improve outcomes for citizens, and stem ever-increasing demand on public services: all while increasing the impact of every pound the state spends.[1] In an era of acute fiscal pressure, it is one of the few shifts that can simultaneously improve citizens' experience of the state and keep it affordable (the OBR has identified population health alone as a major fiscal risk).[2] To not act is to accept the continued decline of these trends, and to relegate public services to merely managing their worst consequences.

In the footsteps of successive governments dating as far back as the post-war Atlee administration - who embedded preventative principles in the founding of the welfare state - this government has set out a bold ambition: to create more preventative, integrated and people-centred public services.[3] In the current moment this commitment to prevention is more vital than ever: to improve social outcomes, tackle inequality and stem spiraling demand and costs, but also to rebuild the relationship between state and citizen, and trust in government to deliver.[4]

Yet, like successive governments before them, this government is also grappling with the ambition-implementation reality gap.

Across different tiers and elements of government, initiatives and programmes such as family hubs, child poverty prevention in North Tyneside, and the Better Futures Fund are each, in their own way, pulling in the same direction; helping citizens earlier, before their needs become acute and the cost of serving them increase. But they remain small-scale, temporary and largely add-ons to existing activity, rather than more fundamental changes to the way things are done.

Demos's Powering Public Service Reform programme is focussed on this challenge of scale and sustainability: how do we break out of the cycle of 'pilotitis' and embed a preventative, relational approach to public service reform. Our analysis reveals complex interactions between the pre-conditions necessary for reform: funding, culture, accountability and narrative. The preventative shift is a classic example of where, despite some strong evidence and some political will, funding systems and processes act as barriers to progress. This plays out in a number of ways:

- By entrenching siloes and stymying collaborative ways of working (the funding/culture interaction)
- Accountability systems that require short term measurables (the funding/accountability interaction)
- Requiring a strong and strategic political vision that makes the case for reform that has been lacking in Westminster politics for some time (the funding/narrative interaction).

1 https://www.health.org.uk/reports-and-analysis/analysis/healthy-life-expectancy-trends-in-the-uk-a-watershed-moment
2 https://obr.uk/frs/fiscal-risks-and-sustainability-september-2024/
3 https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html
4 https://demos.co.uk/wp-content/uploads/2024/10/Trustwatch-2024_Report_October.pdf

So to make significant progress on the government's ambitions around prevention, we need to address how we fund, deliver and account for public spending. Elsewhere in our Powering Public Service reform we are looking at the culture and narrative challenges.[5,6] This paper focuses on rewiring funding systems, and how that interacts with the culture, accountability and narrative demands of reform.

THE ROLE OF ACCOUNTING IN THE PREVENTATIVE SHIFT

Currently, funding flows are structurally misaligned with the government's ambition, making fundamental change harder to achieve. Fiscal rules and budgetary processes, such as (but not limited to) the Spending Review and the HM Green Book guidance, prioritise urgent demands and acute needs over long term investment. Siloed budgets disincentivise joined-up services or innovations that have benefits beyond departmental boundaries. And people-centred services remain elusive when funding decisions are made far from citizens, with little space for local voice, trust or flexibility.

Transparent accounting is an important driver of change, as without it nobody knows what is currently spent on prevention or how that is changing over time. Recent Demos work has developed the concept of PDEL, to sit alongside existing budgetary categories capital (CDEL) and resource, or day-to-day spending (RDEL).[7] This new framework for rigorous accounting of preventative spending aims to classify, track and incentivise investment in prevention.

And on the ground, the Scottish Government, Welsh Office for Future Generations and several local authorities have already demonstrated that it is possible to define and track preventative spend. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Health Foundation's recent report "Understanding Preventative Investment" uses examples from the London Borough of Merton, Wigan Metropolitan Borough Council, Three Rivers District Council and Rhondda Cynon Taf County Council to demonstrate that prevention can and should be quantified.

This not only helps solve a technical barrier to greater understanding and management of spending, it also demonstrates it is possible to overcome the institutional and cultural barriers to embedding this in practice and shift the incentives towards more preventative policy making.

The challenge now is to move beyond concepts and pilots to make prevention part of the normal way of doing business across central government, rather than an outlier that has to be argued for at every turn in a system not designed to support it.

THE PREVENTION SHIFT

This paper argues that to scale funding for prevention we need to shift both the technical criteria and processes, *and* the wider system - politics, culture, accountability - that shapes fiscal decision making. Merely addressing the technicalities is likely to lead to game playing and ultimately reversion to comfort. We need to move beyond prevention initiatives as the exception, to a situation where it's the norm and it's encouraged. Where every policy team across the government is funded and incentivised to get upstream of the problem they are facing.

This paper identifies the barriers preventing prevention, and solutions to power its shift.

5 https://demos.co.uk/wp-content/uploads/2025/09/The-Human-Handbrake_Breifing_2025_Sept.pdf
6 https://demos.co.uk/wp-content/uploads/2026/04/The-Respect-Story_Tom-Webb_2026_April.pdf
7 https://demos.co.uk/research/revenue-capital-prevention-a-new-public-spending-framework-for-the-future

DEFINING **PREVENTION**

As outlined in *Revenue, Capital, Prevention*, Demos considers preventative investment expenditure to have two central characteristics.[8]

- Firstly, it should have a clear connection to reducing the likelihood or severity of harm, thus improving future health, wellbeing and social capital.
- Secondly, it should be long-term working over multi-year (even decade) long timescales.

8 https://demos.co.uk/research/revenue-capital-prevention-a-new-public-spending-framework-for-the-future/

PREVENTION
THE BARRIERS & THE SOLUTIONS

This section will look at three major barriers to delivering on the prevention ambition, and propose how they can be overcome.

BARRIER 1
THE RATIONALE FOR PREVENTION SPENDING IS MUDDLED

Prevention is a vast topic, and even its biggest advocates can get caught up in definitional challenges. While in health there's an internationally agreed prevention taxonomy, the translation into wider public services is more complex and that in itself is inhibiting adoption.[9,10]

This is partly because all government activity could be described as preventative under a broad enough interpretation, whether it's preventing poverty, preventing injustice, or preventing death. In interviews for this paper we heard different versions of the limits of prevention - is prevention about social issues, or does it also include economic, political, and environmental issues? Do we mostly want to prevent things happening or also prevent them getting worse? Are we thinking about changing public services, or could prevention also include infrastructure and taxation?

The principle point of the push for more prevention is to shift beyond treatment - improving things when they are already known problems - to get upstream and reduce the likelihood of problems occurring in the first place. This could include infrastructure and it can certainly include economic, political and environmental issues.

9 https://www.oecd.org/en/publications/how-much-do-oecd-countries-spend-on-prevention_f19e803c-en.html
10 https://www.instituteforgovernment.org.uk/sites/default/files/2024-05/preventative-approach-public-services_0.pdf

The work CIPFA and the Health Foundation have done to translate the types of prevention intervention into wider public policy landscape is a step towards greater clarity.[11] It clarifies the boundaries between different types of prevention activity, based on where in the causal pathway of the outcome they occur. And it demonstrates it's possible to quantify spending through consistent application of shared definitions and professional judgement.

However, when it comes to financing prevention, conversations often slip between two distinct purposes (though these aren't mutually exclusive).

1. **To prevent negative outcomes: interventions designed to increase the likelihood of better social, economic and environmental standards.**

Spending decisions for this purpose are largely a political matter. They require a choice to prioritise resources for given future outcomes (eg: healthy workforce, or reduced pollution) or cohorts (eg: BAME families at risk of diabetes, or parents of children starting school after 2030). This necessarily involves tradeoffs with spending on today's priorities. Therefore for prevention of this type we would expect to see spending on areas that the administration in power - locally or nationally - thinks the public would value.

This way of thinking about prevention is not motivated by fiscal grounds alone. The interventions are designed to reduce the cost of public services, though they will likely shift where spending is required. Instead, the argument rests on securing better outcomes for citizens.

The CIPFA taxonomy is very relevant to categorising spending on this type of prevention. It identifies four effects that prevention can have, depending on where it sits in the causal pathway. From primordial prevention - things which change the social, economic and environmental conditions to prevent risk factors from emerging in the first place - through primary and secondary prevention, to tertiary prevention which prevents existing problems escalating further.

2. **To prevent future costs to the state, by reducing future demand for costly services.**

Preventative interventions that aim to reduce future demand for costly services are an appealing proposition for those managing the public purse. By implementing them, government secures better outcomes whilst, in the longer term, freeing up resources for other priorities.

There are three distinct types of fiscally-focused prevention intervention; cost reducing, cost reinvesting, and revenue raising. And, policy makers need to treat them differently when it comes to deciding which to fund.

'Cost-reducing' interventions are those where future demand falls enough to generate genuine cashable savings. HM Treasury officials are right to be sceptical: the fiscal case needs to be watertight, with a clear causal link between spend, outcome, and either reduced expenditure or increased revenue. In practice, budgets rarely actually reduce, as any spare capacity tends to be absorbed by other pressures on the same service.[12] This is especially true in the current context when most public services are operating in a context of scarcity (be that workforce, funding or time).

This is particularly the case in universal provision and services of last resort such as policing or A&E care, where reduced demand can improve service quality and citizen experience but is unlikely to reduce staffing or broader costs. That said, this is not an inevitability. Where services

11 https://www.cipfa.org/services/integrating-care/investing-in-prevention
12 https://golab.bsg.ox.ac.uk/documents/Efficiency_and_Resilience_2023.pdf

can be scaled back or redesigned in response to reduced demand, as was the case in the US, where crime prevention interventions reversed rising crime rates and enabled expensive prison building programmes to be cancelled.[13] Genuine savings are realisable. Greater Manchester have published estimates suggesting that even where fixed costs limit short-term savings, most policy areas have over 50% cashability in the long term.[14]

'Cost-reinvesting interventions' are those where reduced demand enables reinvestment (realised via the ability to reallocate existing funding to other parts of the service) that improves or sustains service quality. In Child and Adolescent Mental Health Services (CAMHS), rising demand and complexity have led to increasingly stringent referral criteria, effectively rationing the service.[15] Prevention can ease that rationing pressure without generating cashable savings, by freeing up existing resources and practitioners from supporting individuals who have been supported upstream. Similarly, greater upstream investment in the home to school transport services for SEN pupils would reduce spending on more expensive modes, such as taxis, by providing training that equips students with the skills and confidence to use public transport themselves.[16] This ensures eligibility remains broad within the existing spending envelope whilst also building students' skills for life.[17]

'Revenue-raising interventions' generate long-term economic activity that offsets the original cost through increased tax receipts. Take economic inactivity due to ill health. This issue alone is estimated to cost the UK economy £212 billion per year (or 7% of GDP).[18] Interventions that improve childhood health and education can increase skills and employability across a lifetime. Research by Hendren and Sprung-Keyser found several US policies, including preschool investment and policies increasing university attainment, paid for themselves through additional taxes collected and reduced fiscal transfers, benefits realised later in the citizen's life.[19]

Conflating these three categories is a mistake. It is vital policy makers are precise about which type of intervention they are making the case for, and honest about the extent and conditions of any possible savings.

13 States that have used JRI saw, on average, a 29 percent drop in crime rates and a 10 percent decrease in recidivism between 2008 and 2019. At the same time, those states reported savings and averted costs of over $3.2 billion, allowing more effective and efficient use of taxpayer dollars and government resources while making communities safer. https://csgjusticecenter.org/wp-content/uploads/2025/03/JRI_Funded_Programs_Fact_Sheet_Feb2026.pdf
14 https://www.greatermanchester-ca.gov.uk/media/7451/gmca-cashability-discussion-paper-230303.pdf
15 https://publications.parliament.uk/pa/cm5802/cmselect/cmhealth/17/report.html
16 https://www.nao.org.uk/reports/home-to-school-transport/
17 https://www.local.gov.uk/publications/future-home-school-transport
18 https://www.gov.uk/government/publications/keep-britain-working-review-final-report/keep-britain-working-final-report
19 https://hendren.scholars.harvard.edu/publications/unified-welfare-analysis-government-policies

SOLUTION 1

ESTABLISH AND RESOURCE A COMMON FRAMEWORK FOR PREVENTATIVE SPENDING

RECOMMENDATIONS:

1. HM Treasury should create a ringfenced "National Renewal & Investment Fund" for preventative interentions that either generate revenue or reduce current or future spend.
2. HM Treasury should announce a dedicated prevention strand within the £3.5bn Transformation Fund to provide transitional support for the "double running" costs associated with shifting towards prevention and embedding new models of public service delivery.
3. HM Treasury should support upstream prevention activity through a grant to local authorities to work with local partners to deliver.
4. The National Audit Office should review the investment fund programmes to provide independent scrutiny of the savings achieved and the government should work with ESRC and What Works Centres to encourage greater research into prevention, focussed on how as well as what.

We need a clear, well articulated common framework that describes and defines what should be considered as preventative spending. This taxonomy will ensure policy makers, public servants, advocates and HM Treasury officials speak the same language when it comes to funding prevention initiatives. And, we need to ensure there are sufficient resources allocated towards, and appropriate institutional and procedural architecture supporting and assuring, the different types of prevention spending.

We propose a taxonomy that maps prevention interventions according to their fiscal impact. The framework treats evidence and evaluation differently depending on the type of intervention, and identifies funding mechanisms designed to make prevention sustainable over the long term. We identify four categories of prevention spend: revenue increasing, cost saving, cost reinvesting, and outcome improving.

To match these categories, we propose three distinct funding approaches. A 'National Renewal & Investment Fund' would allocate capital to interventions with a direct fiscal return. A ring fenced pot drawn from the existing Transformation Fund, would support prevention activity that makes public services more effective at improving lives, even where the financial return is indirect or long-term. A Preventative Foundations Fund would finance the infrastructure that underpins prevention, ensuring it is protected from short-term budget pressure.

These funds would need to be designed and managed in a complementary way enabling good projects to find resource smoothly, rather than overly policing the boundaries and allowing schemes to fall between the cracks.

National Renewal & Investment Fund to finance preventative shift

There is a clear economic and fiscal case for those preventative interventions which either increase tax revenue or secure cost savings for the state. Specific examples of these kinds of interventions include:

- Interventions which provide, directly or indirectly, increased tax revenue, such as sin taxes;
- Interventions that change spending or revenue over a long time horizon, particularly those which either:
    - Improve recipient employability and earning potential, both of which reduce welfare payments and increase tax revenue.
    - Reduce or eliminate expensive lifetime health costs, by incentivising better behaviours, such as smoking cessation.

The government should put considerable resources behind these kinds of schemes to deliver their fiscal and material outcomes. But projects looking for this kind of finance should face a high evidence threshold. The investment required may increase borrowing, so the markets will need reassurance. And policy officials need a disincentive to pitch ineligible projects in a search for possible funding.

To catalyse investment in those opportunities that would genuinely improve the fiscal outlook, the government should establish a dedicated National Renewal & Investment Fund, modelled on Victoria's Early Intervention Investment Fund, to identify and allocate funding to interventions that clear that bar.

STATE OF VICTORIA'S EARLY INTERVENTION INVESTMENT FUND

The EIIF is a policy framework to encourage continuous growth in investment in early intervention. It promotes evidence-based, data-driven early intervention initiatives by linking investment to measurable impacts on both the outcomes of people using the services and the service system.

Introduced by the Department of Treasury and Finance in 2021 it has since been embedded in the annual budget process. DTF helps other departments create well-supported policy proposals addressing challenges whose long-term benefits that may take years to materialise, with costs and benefits spread across different portfolios.

It requires applicants seeking funding to set both outcome measures and expected outcomes, and estimate the avoided cost the government form the reduction in acute services. Its assessment is underpinned by the Victorian Social Investment Integrated Data Resource which estimates avoided costs based on administrative data from health, education and justice and human services.

In its first 4 years the state invested $2.7bn through it with more than $3 billion anticipated to be generated in economic and financial benefits, primarily through improved outcomes and reduced demand on acute services.[20]

The National Renewal & Investment Fund should be managed directly by HM Treasury, ideally by the Prevention Investment Unit, a dedicated function proposed in earlier Demos work.[21] Like the EIIF, the fund should provide the upfront capital needed to build the evaluative infrastructure that ensures proposals are assessed rigorously enough to give reasonable confidence that the interventions will deliver genuine cost savings for the state.

Transformation Fund to shift to preventative services

For demand-reducing interventions that improve lives and can increase service performance but don't reduce actual public costs, the first port of call for funding should be within existing resources (be these workforce capacity or budgetary lines) for service improvement or transformation. Some will require cross departmental coordination, particularly where the gains are accrued to a different department than the one which bears the costs. This may be aided by the creation of pooled budgets for specific initiatives, or larger national programmes like the previous 'Shared Outcomes Fund'.[22]

However, transformation initiatives create friction costs, and not all of these can be met within existing resources, and sometimes transformation programmes require "double running" of the new and old service simultaneously to avoid cliff edges. Where transformation costs cannot be met within existing budgets, additional funding should be made available to support departments implementing these changes. A dedicated prevention strand within the £3.5bn Transformation Fund announced at the Spending review in 2025 would create resources to meet known demand for prevention interventions.[23] It would also create a place and an incentive for policy makers to pitch additional proposals in order to approximate the possible scale of resources required in a future spending round.

This resource should be primarily to support the costs "double running" where a service has to continue to meet existing demand or legal requirements while it transitions to a new way of operating. That ensures it would be time limited to the transformation period, rather than subsidising the ongoing costs of the new way of operating. It could also support learning networks and communities of practice to surface and share best practice beyond the funded areas.

20 https://www.dtf.vic.gov.au/early-intervention-investment-framework, and https://www.dtf.vic.gov.au/sites/default/files/2024-10/Early-Intervention-Investment-Framework-A-considered-and-collaborative-approach-FINAL-PDF.PDF
21 https://demos.co.uk/research/revenue-capital-prevention-a-new-public-spending-framework-for-the-future/
22 https://www.gov.uk/government/publications/spending-review-2020-documents/spending-review-2020#shared-outcomes-fund
23 https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html

Funding the foundations of prevention

Outcome improving interventions support vital prevention activity that cannot be meaningfully attributed to any existing public service cost centres. This includes investment in primordial prevention and the infrastructure that other more direct interventions rely on, such as community centres, social cohesion and the built environment.

For those reasons, this category of preventative intervention typically requires some combination of public, private and voluntary sector activities, and funding drawn from both RDEL and CDEL funding streams. Initiatives like the Civil Society Covenant[24] and schemes like the Better Futures Fund[25] and Common Ground Award[26] are a steps in the right direction but more resource will be needed to reverse the decline in government funding to the charity sector and to safeguard funding for primordial prevention.[27]

We recommend a dedicated fund for primordial prevention activity. This should be granted to local authorities, in accordance with need, to work with local partners, including the VCSE sector, to deliver.

Evaluation

It is vital to invest in evaluation alongside the actual delivery for two reasons. First, to continue building the evidence base for how preventative activity drives better outcomes for citizens. Second, to demonstrate and ensure value for money - both for the citizen (whose money is being spent) and the politician (who is accountable for the spend).

These are distinct purposes, and it is vital to apply them correctly to the different types of intervention, and that where they are applied, they are weighted appropriately.

Learning what works, how it works, in which contexts it works, and, potentially most importantly, where it could be improved requires robust qualitative evaluation and a process of discovery that encourages honesty and reflection. Quantitative evaluation has its place; for example, reporting procedural compliance against regulated activities, or ensuring there is robust data on hand to demonstrate value for money to those without direct sight of the improvement in quality of life for the citizen. But, it is vital officials resist the temptation for this analysis to squeeze out the human centred, qualitative data that often underpins the value of this type of preventative approaches (and which can create perverse incentives to game the results).[28]

There are a number of existing institutions well placed to own the quantitative evaluation of preventative measures. The National Audit Office, has the scale and institutional capabilities, to bear accountability for reviewing the National Renewal and Investment Fund programmes to provide independent scrutiny of the savings achieved.

The What Works Centres have developed a strong reputation for quantitative impact evaluation. This is useful for making the fiscal and economic case for interventions, but this is of limited applicability to how to scale the work given the context dependent nature of much of prevention. Work by TASO, one of the smaller What Works Centres, highlights options for evaluation approaches that are more attuned to complex interventions like prevention.[29] Particular investment is needed in understanding the context, mechanism and outcome, and to systematising the sharing of learning both with other intervention teams and to inform wider changes. The government should work with the research councils and What Works Centres, to encourage greater research into prevention, focussed on how as well as what.

24 https://www.gov.uk/government/publications/civil-society-covenant/civil-society-covenant
25 https://www.gov.uk/guidance/better-futures-fund
26 https://www.gov.uk/government/publications/common-ground-award-prospectus/common-ground-award-prospectus
27 https://www.civilsociety.co.uk/news/long-term-decline-in-government-funding-leaving-charities-vulnerable-peers-told.html
28 https://www.humanlearning.systems/uploads/Public-service-for-the-new-world.pdf
29 https://taso.org.uk/wp-content/uploads/TASO_-Report_Impact-evaluation-with-small-cohorts_methodology-guidance_Secured-1-1.pdf

TABLE 1
FRAMEWORK FOR PREVENTION SPENDING

CATEGORY	FUNDING VEHICLE(S)	EVIDENCE REQUIREMENTS	EVAL. METHOD(S)	EXAMPLE(S)
Revenue increasing Interventions	Not all will require significant upfront spending, but those that do would qualify for National Renewal & Investment Fund, • Consider appropriate uses of CDEL. • Additional borrowing may be justified depending on the duration of returns.	**Threshold:** Very high **Evidence:** Verifiable and robust modeling required for approval. Analysis to be verified by NIF officials.	Rigorous evaluation vital for accountability and market viability of any borrowing. Independent evaluation from NAO. HMT unit to collate and share learning.	Soft Drinks Industry Levy; Lifetime impact of some childhood/ education interventions.
Cost saving interventions	Eligible for National Renewal & Investment Fund (NIF) • Consider appropriate uses of CDEL. • Additional borrowing may be justified depending on the duration of returns.	**Threshold:** High **Evidence:** Robust modeling, inc. realisable cost savings. Where service redesign required - costed transition plans required.	Rigorous evaluation vital for accountability and market viability of any borrowing. Independent evaluation from NAO. HMT unit to collate and share learning.	SEND reforms; smoking cessation; early intervention for NEETs.
Cost reinvesting interventions	Departmentally led: Reallocating existing funding • Greater use of pooled budgets to share costs • Prevention specific Transformation Fund to support transition costs.	**Threshold:** Medium, domain specific insight required. **Evidence:** Varies based on specific context.	Peer to peer learning & reviews focussed on drivers of demand and means of reduction. Existing spend assurance mechanisms. Highlight possible cost saving initiatives.	Community health clinics; Crime prevention programmes
Outcome improving interventions	A Ring-fenced pot from the existing 'Transformation Fund' • Focused on primordial & foundational prevention in recognition of competing priorities.	**Threshold:** Low. Grounded in known drivers/conditions but encouraging innovation. **Evidence:** Varied, domain and context specific. Likely qualitative and based on local insight.	Peer to peer continuous learning & review methods. Existing spend assurance mechanisms.	Community centres, walkable public realm, bus shelters.

BARRIER 2

THE MACHINERY OF CENTRAL GOVERNMENT IMPEDES A PREVENTATIVE SHIFT

The level and nature of prevention spending is shaped by the way we organise decision making in Whitehall, the way we govern and share information, and the way we evaluate spending decisions.

Departmental silos

Government departments tend to be products of history, organised around legacy policy 'verticals' rather than designed and structured around outcomes, cohorts, or places. This creates a structural problem for delivering prevention funding: when benefits from one department's spending accrue elsewhere, the spending department enjoys neither the fiscal saving nor the political credit. The further upstream the intervention, community infrastructure, poverty reduction, walkable urban planning, the more diffuse the benefits, and the less likely any single department will be incentivised, by either their own leadership or other parts of the system, to prioritise it. In a competitive funding environment, departments historically prioritise programmes where the benefits are most easily measured and most easily linked back to their specific field of activity.

Accountability mechanisms in the public sector, and particularly Whitehall, compound the issue. Cross cutting initiatives, particularly those which require substantial spending, usually require duplicative sign off by leaders from across each of the organisations, making progress slower and the process more difficult for public servants. In recent years, progress has been made with funding pots such as the 'Shared Outcomes Fund' and 'Transformation Fund' stood up to make this process easier for officials, however these remain exceptions to the rule, bolted onto a system which is much more comfortable drifting back into the departmental silo mode of operating.

And, the consequences are visible; the institutional architecture, as it stands today, does not easily allow for preventative spend at scale. As the Future Governance Forum's Social Insights Panel has recently argued, effective prevention depends on non-subject-specific touchpoints "accessible, trusted and able to nurture a sense of belonging through strong relationships, and equipped to identify and respond to emerging difficulties in people's lives through their power and influence".[30] This is the kind of foundational preventative activity that several interviewees highlighted was hollowed out during austerity because no one government department could justify funding it when compared with other initiatives more closely aligned to their specific departmental objectives. But without it, all of the outcomes we care about are suffering.

30 https://www.futuregovernanceforum.co.uk/wp-content/uploads/2026/04/Six-ways-to-move-the-dial-on-prevention_-A-provocation-paper-from-the-Social-Insights-Panel.pdf

Spending decisions

The way we make our spending decisions is also wired towards siloed, acute spending. For example, spending review cycles are often shorter than the international average and the duration can be unpredictable.[31] Unlike international peers they also rarely take a baseline approach to reviewing expenditure, so funding for perceived core activity that has been around for a long time, like job centres or primary schools, or policing, is rarely reviewed from first principles with the same scrutiny that new initiatives get.[32] This makes it hard to develop compelling cases for prevention, particularly when it would require cross-departmental coordination or change the way long standing services are thought of.

Our business case process also values short term returns over long term benefits. Spending appraisals use a discount rate to determine the value we place today on costs and benefits accrued in the future.[33] The value of this discount rate - currently 3.5% - is a policy decision, designed to reflect the relative priority given to the current and future generations. It's made up of three principle assumptions - firstly a preference for immediate benefit, secondly, a small risk/uncertainty parameter, and thirdly, an assumption that because future generations will be wealthier, they will value additional consumption by less than the current generation.[34]

Several economists, including from the LSE Centre for Economic Transition Expertise, have argued that for both normative and empirical reasons the discount rate should be lowered which would make future benefits worth more in overall calculations.[35] Lower rates are used by other bodies, including the National Institute of Clinical Excellence who use 1.5% in certain circumstances, and the Stern Report recommended a rate of 1.4% for public policy investments in climate mitigation projects.[36,37] The Treasury's own Green Book review in 2025 recommended a further independent review of the Green Book discount rate to make sure that the government is taking a fair view of the long-term benefits that arise from transformational investments.[38]

Finally, the way the Green Book evaluates costs and benefits excludes any future benefits from increased tax revenue.[39] The only fiscal effects accounted for are reductions in fiscal spending from reduced demand or provision. Not including these secondary fiscal effects means the evaluation of any programme which increases future employment - through starting, sustaining or progressing in work - will be undervalued. Other ways of evaluating costs and benefits, such as the Marginal Value of Public Funds, provide an arguably more comprehensive assessment of the long-term impacts of a programme on the government's budget.[40]

All these spending rules combined create a barrier to prevention investment. It is understandable that HM Treasury wants assurance that spending will deliver results, but it needs to allow flexibility given the intangible and qualitative factors, and needs to tolerate greater levels of uncertainty around any estimated benefit, given the risks of continued inaction.

31 https://www.instituteforgovernment.org.uk/explainer/spending-reviews
32 https://wcpp.org.uk/wp-content/uploads/WCPP-Spending-Reviews-International-Best-Practice-and-Key-Learning-Policy-Briefing.pdf
33 https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government
34 https://www.oxera.com/insights/agenda/articles/a-formula-for-success-reviewing-the-social-discount-rate
35 https://cetex.org/news/how-should-the-uk-government-be-changing-its-approach-to-discounting-in-policy-appraisal/
36 https://www.nice.org.uk/guidance/ta235/resources/osteosarcoma-mifamurtide-discounting-of-health-benefits-in-special-circumstances2
37 https://www.lse.ac.uk/granthaminstitute/publication/the-economics-of-climate-change-the-stern-review/
38 https://assets.publishing.service.gov.uk/media/687129f52557debd867cc06f/Green_Book_Review_2025.pdf
39 https://assets.publishing.service.gov.uk/media/5a7dbd4340f0b65d8b4e3357/cost_benefit_analysis_guidance_for_local_partnerships.pdf
40 https://hendren.scholars.harvard.edu/publications/unified-welfare-analysis-government-policies

SOLUTION 2

REWIRE THE SYSTEM AND USE DEVOLVED SPENDING POWERS TO EMBED PREVENTATIVE SPENDING AND ACCOUNTING

SPECIFIC RECOMMENDATIONS:

1. The independent review of the Green Book discount rate should address the underweighting of the long term benefits and inability to fully capture secondary fiscal benefits.
2. HM Treasury should adopt PDEL as a new category within Department Expenditure Limits, and require all departments to report on PDEL to increase transparency of intentional preventative spending.
3. The government should ringfence some of the new devolved funding for prevention, starting at 5%, and require places to report on prevention spending.
4. The NAO should monitor and report on preventative spend to parliament.

We need to rewire the system itself so that prevention becomes a usual and necessary feature of public service delivery. That means changing the cross government levers that drive decisions - devolving decision making, changing appraisal and accounting methodologies, sharing data, and amending laws. That won't all be headline grabbing stuff, but it will shift the dial and embed prevention for the long term.

Long term spending decisions and prevention accounting

The independent review of the Green Book discount rate should address the underweighting of the long term benefits and inability to fully capture secondary fiscal benefits. The review should consider whether to allow intervention specific time lines that capture likely benefits further into the future, particularly for programmes related to children and young people. It should propose a revised discount rate to use for programmes designed to have a preventative effect. And it should propose a way of incorporating plausible secondary fiscal effects where the programme can evidence that there is a likelihood they will be realized.

The government should adopt PDEL as a new category within Department Expenditure Limits, and require all departments to report on PDEL to increase transparency of intentional preventative spending. The Scottish Government's national work has shown that it's possible to label national spend in this way, to form a baseline for future analysis.[41]

41 https://www.gov.scot/publications/scotlands-public-service-reform-strategy-delivering-scotland/pages/6/

This reporting work can start immediately before any new spend is agreed. Once a departmental or overall governmental preventative spending level is established it becomes politically more challenging to allow for backsliding. Targets could be established to increase prevention spending up to a certain level over time.

Devolved spend

HM Treasury should ringfence some devolved funding for prevention. Embedding prevention as a core part of the devolved spending allocation would wire it into local spending strategies, ensuring it was given sufficient prioritisation. It would also give strategic authorities the mandate to coordinate across preventative services in place. There is no current baseline for how much is spent on prevention across government (in health alone it's around 5% outside of the pandemic years).[42] So in the first year HMT should set at 5% minimum and ask devolved areas to report on how much they spend on prevention in order to reassess a plausible but ambitious baseline and trajectory over the following spending review period.

This funding could support the national prevention outcomes (proposed in part A), but local places should be given flexibility to decide within that what their local priorities are. For example, a national outcome around preventing poor school readiness might look like investment in pre-school English language classes in one place, and like parenting help programmes in another place.

Local places are also the best placed to invest in the very furthest upstream prevention, what CIPFA calls "primordial" prevention.[43] Things which create the social, economic and environmental conditions that prevent risk factors from emerging in the first place.[44] Or what Polly Neate called in a recent Future Government Forum article "building the kind of relationships, local infrastructure and community bonds that ensure people can find the help they need, without having intervention imposed upon them once they reach a crisis point".[45]

Investment in this area is necessarily very difficult to evaluate as it's highly context specific, has multiple long term effects on a complex system meaning attribution is near impossible. Local political leaders are better placed to make judgments and take accountability based on qualitative local insight and intelligence about assets, needs and trends.

This ringfenced spending would mean that places needed also to implement PDEL, accounting for the extent to which their activities contribute to prevention in order to demonstrate compliance with the ringfence. CIPFAs work to map local spending has demonstrated this is possible and that it can help improve shared understanding of what prevention work is actually being done by different departments and organisations, and create opportunities to identify areas of duplication or opportunities for better coordination.

42 https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthcaresystem/bulletins/ukhealthaccounts/2023and2024
43 CIPFA, Understanding Preventative Investment, Oct 2025
44 "Primordial" is a difficult label, "foundational" might be more easily understandable by a wide audience but it needs to include the full range of conditions.
45 https://www.civilsociety.co.uk/voices/polly-neate-a-commissioning-revolution-is-needed-to-fulfil-civil-society-s-potential.html#sthash.OUsjef8w.dpuf

Evaluation and Accountability

Any serious attempt to embed a more preventative approach to public spending will fail without a credible, independent function there to evaluate and assure the efficacy of the spending. Such a function would have three core questions to address, on behalf of elected officials (and in turn citizens):

- How much is being spent on preventative activity?
- How is that improving outcomes, or increasing the likelihood of better outcomes?
- To what extent does it deliver value for money and how can that be improved?

Without rigorous, independent answers to these questions - and the ability to hold senior leaders accountable in public fora, the preventative agenda will likely remain a political aspiration rather than a fundamental shift in how the state operates.

The temptation, as ever, is to propose a new institution or actor to take on this role, such as a dedicated prevention commissioner or an independent evaluation body, a specialist inspectorate (or dare, we say a specific 'Minister for Prevention'). However, carrying out these functions will be complex and require both substantial capacity and an ability to thoroughly understand how departments and public institutions operate. Furthermore, the institutional landscape across the public sector is already crowded, public confidence in arm's-length bodies is not strong, and any new body would spend its early years building the credibility that existing institutions have already earned (to varying extents). Extending the remit of an already existing organisation would likely be both cheaper and much more likely to deliver the impact required.

The National Audit Office has the independence, analytical capability, and institutional standing to take on this function with respect to central government spending. Its mandate, to scrutinise public spending for Parliament and help government deliver value for money, already encompasses precisely the questions the prevention agenda demands. The organisation would require a new explicit objective within its existing mandate: a standing commitment to assess, at regular intervals, both the scale of preventative spending across government and the effectiveness of the institutions responsible for delivering it.

The natural reporting relationship for this function would, as with the broader NAO work, remain with the Public Accounts Committee. The PAC already scrutinises NAO reports and holds accounting officers to account for the use of public money. An explicit NAO objective on preventative spending would give the committee a sustained basis for examining prevention across departments and spending cycles, not as a one-off inquiry but as a thread running through its programme of work. Ministers and permanent secretaries would face regular, structured accountability for whether their institutions are genuinely shifting upstream, rather than relabelling existing activity as prevention when fiscal pressure demands it.

BARRIER 3

A LACK OF POLITICAL LEADERSHIP TO TRANSLATE THE ACADEMIC CONSENSUS INTO A MATURE, TRADE OFF BEARING POLITICAL CASE THAT VOTERS CAN ENGAGE WITH

Amongst academics, members of the public and think tanks, preventative policies enjoy broad support.[46] From Demos[47] to the Institute for Government[48] to Re:State,[49] prevention has been touted, to varying extents, as a means of strengthening state capacity whilst ensuring the state takes steps today to arrest demand and meet the needs of citizens tomorrow.

But this consensus has yet to translate into genuine political will. There are three reasons for this.

First, "prevention" is a broad category of interventions which, unlike promises of more training posts or affordable homes, lacks a defined constituency of voters who will benefit now. Beyond health, there is very limited citizen or user voice for the preventative shift, and certainly no strong electoral coalition for government intervention in prevention in general. That creates a problem for prevention advocates inside and outside of government. Despite the urgent need to address rising demand for services and spiralling costs, it is difficult to justify spending political capital today on a promise that will not pay off for many years.

Second, shifting spending towards prevention will require changing habits and systems that have evolved for a more acute spending focused world. Individual spending teams, policy leads, service designers and regulators will all have to expend time and effort to unpick the current way of operating and design a better future. As the wealth of papers on public service reform can attest, shifting these institutions is a painful, prolonged process that requires the sustained expenditure of political capital to implement.

Third, and most importantly, prevention spending involves diverting resources away from meeting immediate needs. Sometimes this diversion is towards low probability, high impact events, such as epidemics, for which there is little public demand. Sometimes funding is diverted towards high probability but diffuse future outcomes, such as reduced loneliness, which will not materialise for many years. In a low trust environment, abstract or distant gains struggle to compete with immediate, tangible returns. Again, this leaves the politician or party with little incentive to push for the shift.

The Milburn review has provided the political oxygen to place this at the centre of national conversation. This crisis is a paradigmatic example of what happens when the state fails to prioritise prevention. It is, for the most part, the result of consistent intervention that came too late, too narrowly, and through the wrong mechanisms.

This gives politicians something rare: the ability to ground the argument for prevention in the concrete and tangible consequences of not doing so. That is an opportunity to own the hard trade-offs that come with preventative measures, without the potential penalty at the ballot box.

46 https://www.kingsfund.org.uk/insight-and-analysis/long-reads/10-year-health-plan-public-perceptions-three-shifts#preventing-sickness:-public-perspectives-on-shifting-the-focus-from-treatment-to-prevention--
47 https://demos.co.uk/wp-content/uploads/2025/02/The-Preventative-shift_2025.pdf
48 https://www.instituteforgovernment.org.uk/sites/default/files/2024-05/preventative-approach-public-services_0.pdf
49 https://re-state.co.uk/publications/building-the-preventative-state/

But building a political case for prevention requires political actors, from ministers to mayors, to be willing to own the argument fully. That means being truthful about the costs and trade-offs. It means acknowledging that funding will need to shift away from acute services that address need today, in favour of avoiding acute need for others in the future. That is a difficult argument. But there are steps a government can take to begin developing and prosecuting it.

SOLUTION 3

MAKE PREVENTION A WHOLE OF GOVERNMENT PRIORITY AND IDENTIFY AND FUND "PRIORITY PREVENTION OUTCOMES"

SPECIFIC RECOMMENDATIONS:

1. The government should harness the current NEET crisis, to make an explicit, sustained political case for prevention, framed around the public's desire for the next generation to have better opportunities and a better life.
    - This case should be prosecuted by the Prime Minister and senior cabinet ministers, appealing to citizens' political values over the technocratic efficacy of preventative methods.
2. The Prime Minister should announce a whole of government approach to prevention as part of national renewal.
3. The cabinet should agree a limited list of Priority Prevention Outcomes, starting with addressing the current NEETs crisis, with dedicated multi-year funding, on a cross-departmental basis.
4. A Prevention Investment Unit should be created in HMT, as previously recommended by Demos, to support this new way of funding.

Citizens care about the future. They want the next generation to have better opportunities, better health, and better prospects than they did. What has been missing is not public sympathy for preventative measures but political leadership willing to articulate the argument.

If the government is serious about arresting the growing demand for public services, and avoiding the increasing pressure this would put on the public finances, it needs to send a loud and credible signal that it is serious about shifting resources upstream.

The current NEETs crisis illustrates this sentiment effectively whilst providing an opportunity to build a political case that resonates with citizens. Nearly one million young people are locked out of education, employment and training. This is a legacy of a state that intervenes too late, too narrowly, and through mechanisms that ameliorate symptoms rather than address underlying causes.

The public is broadly receptive to a robust and mature argument for prevention. Politicians willing to connect the scale of this crisis to the absence of earlier action will find that case available to them. But it must be made consistently and with conviction. And it must frame prevention as an expression of what the state owes its citizens, particularly its youngest, not as a technocratic spending preference.

It needs to make prevention a more central part of the story of what the government is for, than just one part of a public service reform narrative. In order to drive spending decisions and wider behavior, prevention needs to be a core part of the government's political purpose – central to the National Renewal and Investment Fund that has been promised.

Signalling theory provides a useful framing as it deals directly with instances where one market participant wants to communicate an otherwise imperceptible quality to another - in this case the government wants to communicate its commitment to prevention to the public and public servants.[50] The theory suggests the Government needs to take "differentially costly" action to convey the level of conviction. That means something which someone less committed to the agenda would find too costly to do.

The Prime Minister should announce a whole of government approach to prevention as part of the National Renewal and Investment Fund. Alongside the funding streams (solution A) and a programme of systemic reforms (solution B), the government should be seen to make the case for halting the decline and investing in a better future.

Underpinning these technocratic policy announcements should be a political narrative explicitly arguing prevention is an expression of what this government believes the state owes to its citizens. Should speak to the delivering trends and buffeting conditions the country finds itself in, and the need to invest resources to intervene early and create the conditions for people to thrive, and shift to more relational public services, and most importantly, it should explain the material difference that will make in people's lives.

To catalyse this, the cabinet should agree a limited list of Priority Prevention Outcomes to improve in order to guide multi-year preventative spending. These outcomes should be things that the whole of the public service will work to improve, to stop them occurring and to fix them faster when they do.

50 https://www.gov.uk/government/publications/young-people-and-work-interim-report/young-people-and-work-interim-report

PRIORITY PREVENTION OUTCOME EXAMPLE: TACKLING THE NEET CRISIS

Nearly one million young people in the UK are not in education, employment or training. The NEET rate has barely fallen below 10% in 25 years, costs the economy an estimated £125 billion annually, and without urgent action could worsen significantly.

The NEET crisis is the accumulated consequence of a state that has consistently intervened too late and through mechanisms designed to manage symptoms rather than address causes.

BUILDING A WHOLE OF GOVERNMENT PREVENTATIVE RESPONSE

The public does not need to be persuaded that young people deserve better opportunities. What has been missing is a political argument that grounds the case for prevention in citizen values and the desire to improve the lot of future generations.

ARTICULATING THE FUNDING ARCHITECTURE GEARED TOWARDS PREVENTION

A genuinely preventative approach to the NEET crisis would deploy multiple instruments in concert, drawing on the fiscal architecture set out in this paper.

The response should span the full prevention spectrum, from foundational community investment through to targeted early intervention, coordinated across departments and insulated from short term political or spending review cycles.

Examples of a sensible portfolio approach would include:

- National Renewal and Investment Fund: finance early employability and mental health interventions with a demonstrable fiscal return through reduced welfare dependency and increased tax revenue.
- Transformation Fund prevention strand: to fund the transition and transformation costs of redesigning services around young people's needs rather than departmental boundaries. This funding could be assigned to a cross-departmental programme, led by an SRO reporting to each department involved.
- Primordial prevention funding via local authorities: to invest in youth infrastructure, community provision, and social connection that prevents disengagement before it takes hold.
- Cabinet champion and cross-departmental funding: provide clear political accountability and multi-year resourcing that cannot be unwound at the next spending review

The NEET crisis is a paradigmatic Priority Prevention Outcome: cross-departmental by nature, measurable, politically legible, and supported by a clear body of evidence on what earlier intervention can achieve. It is where the case for prevention is most urgent, and most winnable.

They should have sufficient breadth across public services to bring into play the work of the vast majority of government departments. And they should be focussed on ends, not means, focussed enough to speak to tangible change but broad enough to allow a range of different interventions. From changing the social and economic determinants of the outcomes, building social and relational capital, and improving early detection, to incentivising individual behavior change and improving access to treatment options.

While the outcomes should be more specific than the earlier government "missions" they can serve a similar function in directing activity towards specific time bound objectives and catalysing innovation.

The outcomes could include, for example, improving school readiness, reducing youth unemployment, or preventing social isolation in the elderly. Further work will be needed to identify appropriate outcomes which also reflect the government's political prioritisation of the people and problems it cares most about.

To guide their choice the government should consider the following criteria:

1. Outcomes that are specific and tangible, so that people can see and feel progress on them rather than relying on more statistical measures, such as life expectancy. In a low trust environment, it's important that people have the opportunity to observe the impact of prevention, particularly as noticing decreases, or absences if particularly hard to do.
2. Progressing towards the outcomes requires significant activity from two or more government departments so that they couldn't already be funded within departmental spending.
3. There exists already some body of evidence of the types of preventative activities that work to achieve the outcomes, that can inform intervention design.
4. Outcomes are measurable with currently or readily available data sets so policy makers and the public know if progress is being made
5. Outcomes have long-term commitment of a parliamentary term at minimum to enable multi-year implementation plans. Engagement with opposition parties should be carried out where necessary to increase bipartisan support.

Each outcome should be allocated dedicated cross-departmental funding. This could be built on the Shared Outcomes Fund, but will need to be considerably larger in scale. That will be achieved in part by including existing departmental funding related to the chosen outcomes. This is important to ensure business as usual spend is scrutinised for possible opportunities to maximize the preventative impact. A Prevention Investment Unit should be created in HMT, as previously recommended by Demos, which could manage this resource, among other things recommended in this paper.

Each outcome should have a nominated champion within the cabinet who is accountable for delivering it. Government departments, public bodies, strategic and local authorities should be able to bid to deliver multi-year initiatives to achieve the outcomes, as in a spending review.

Proposals should be expected to be based on evidence of what works, or is likely to work, to achieve those outcomes, with weightings to ensure a spread of projects across the prevention spectrum. Beyond the headline outcomes, it should be expected that local delivery necessarily aims to tackle distinct local aspects of the challenge.

This outcome specific focus is ultimately in service of a broader political project: demonstrating that the government's commitment to prevention is real, sustained, and capable of producing tangible improvements in people's lives. Once the case for prevention is accepted, new funding streams are established, and the systemic reforms are completed, it would be preferable to have prevention mainstreamed across all public outcomes.

But the architecture established here must be durable, because there will always be priority areas that governments need to tackle, and the institutional infrastructure for doing so preventatively should not have to be rebuilt from scratch each time. And it is vital that this political case for a more preventative state translates not just into specific programmes geared towards prevention but into a fundamental operating principle for how the state supports citizens.

CONCLUSION

The burdens on our state are rising. Changing demographics, volatile geopolitics and challenging economics all conspire to make it harder for public servants to serve the citizens of today, let alone build a state fit for tomorrow.

Without a bold, ambitious shift to a more preventative, citizen-centric approach to public services, an ever increasing proportion of government spending will need to be directed to overloaded services, where intervention only occurs where need is acute - and most expensive. Without a systemic shift to preventative models, public services will increasingly be something endured rather than enjoyed, with wide ranging consequences for the social contract, public trust and voter behavior.

This government has taken tentative first steps and green shoots should always be welcomed. But pilots and ad hoc programmes will not be sufficient to meet the challenge; the government must move beyond incremental reform to make prevention a core part of this government's agenda and deployed at scale. A systemic response to chronic challenges, rather than a discrete method deployed in a specific context.

The current institutional apparatus; fiscal frameworks, accountability mechanisms and stringent analytical measures continue to privilege and entrench downstream treatment over upstream prevention. Without a clear and consistent political will, deliberate targeting spending, and systemic change, prevention will remain marginal - something to be piloted rather than practiced.

This paper has argued that meaningful progress requires a package of action: establishing a coherent and operationalisable framework through which to increase prevention spending; reforming the machinery of government to make it easier to make preventative choices and strengthening the political case for prevention. Addressing any one of these in isolation will be insufficient. Technical fixes without political backing will never reach the required scale; political ambition without system change will struggle to translate into delivery.

Firstly, a shared framework for prevention spending enables us to move from ambiguity to action. By distinguishing between different types of prevention - revenue generating, cost saving, cost reinvesting, and outcome improving - the government can better align funding mechanisms, evidence standards and evaluation approaches and ensure appropriate resources are available to meet needs. It should create a National Renewal & Investment Fund to power up preventative spending where there is a fiscal return; dedicate some of the Transformation Fund to shifting services to prevention; and grant funding to local authorities to support foundational/primordial prevention.

Secondly, and most fundamentally, the system itself must be rewired. This means reforming appraisal methodologies to properly value long-term benefits, embedding prevention within budgeting processes through mechanisms such as PDEL, and devolving resources and accountability to places best positioned to understand and respond to local needs. It also

requires enabling appropriate data sharing, fostering cross-departmental collaboration, and strengthening the national reporting and accountability for prevention spending

Finally, prevention must be elevated from a health and public service reform priority to a defining feature of the government's mission. National Renewal & demands that we not just treat the ill effects of the austerity years, but that we invest in proper recovery so that people can expect to live better in the future than they do today. Clear political signalling, through the identification and resourcing of Priority Prevention Outcomes, can provide the focus, credibility and long-term commitment needed to catalyse action across the system.

Taken together, these changes would mark a decisive shift: from a system that inadvertently discourages prevention to one that actively enables it. Crucially, they recognise that prevention is not a single policy or programme, but a different way of governing - **one that prioritises long-term outcomes, trusts local actors, and centres the lived experience of citizens.**

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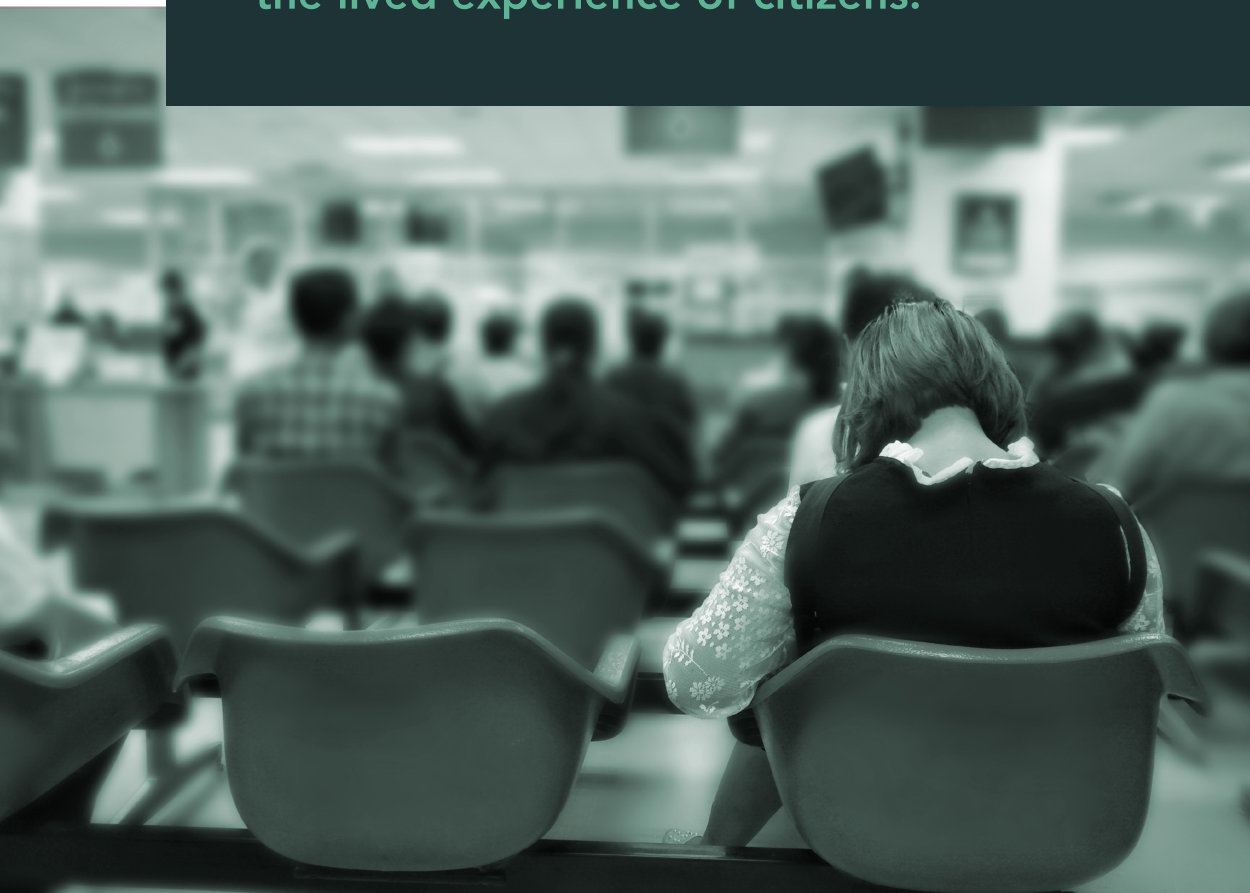

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