

Given that we will, by 2001-02 be 4 years into the strategy and the lags in delivery the PSA and SDA resulting from the SR clearly need to do so if we are to be confident that the Strategy targets can be delivered.

- e. The same applies to operational, funding and policy choices. Clearly the **priority should remain to increase "proactive" at the expense of "reactive" functions**, and within the latter a shift towards better VFM activities. It will be important for decisions in SR2000 to underpin these - and map out clearly in advance the expected position by the end of the SR period. In particular the scope to actively **redistribute resources from low value adding "reactive" measures to better value "proactive" ones needs to be addressed**, including where relevant legal, policy and operational implications.
- f. Achieving this "proactive" management of the Strategy is made more difficult by the lack of hard costing information - particularly on the amount of reactive spend and the activity on which it goes. **In general CSR funds have not merely displaced other funding**. That said, there is no evidence whether the police are delivering their 1 per cent or probation their 2 per cent "partnership" guidelines. Clearly the **parallel review of policy and structures and the new PSA/SDA will also need to ensure future effective performance management tools** to underpin delivery.

65. Turning to the future of specific interventions within the overall Strategy, the evidence suggests that:

- a. **treatment is cost effective**. However, this varies significantly within rather than between modality, for reasons which as yet unclear. Nonetheless, it emphasises the importance of achieving consistent standards and good implementation. A further point to note is that effectiveness can vary between different client groups, with some remaining resistant and a hard core being responsible for a large proportion of crime. This points to the need for programmes to be well focussed and increases well targeted;
- b. Although the evidence is too limited for robust conclusions, and these interventions serve wider government objectives, such evidence as we have suggests that **CJS enforcement activities alone do not represent the best use of additional resources within the Strategy**. The bulk of spend remains reactive in nature, although within this much proactive activity (which cannot be disaggregated - is also likely to take place. This points towards further shifting from reactive stance to a proactive one, through legal, operational and funding channels. Examples include: more policing of local and national drugs markets but less activity on soft drugs; more routes into treatment and less "tough" sentencing and enforcement for low level participants; and work in schools that

fits within the DfEE PHSE framework - there being evidence that traditional approaches and "DARE" based schemes are not effective;

- c. Similarly, steps should be taken to help wind in presently wholly "reactive" Social Security spend in support of the drugs Strategy, and hence Government's Social Exclusion agenda;
- d. It makes good intuitive sense for Customs to move external Availability work away from static border defences to a sharper focus on investigations etc. But the dangers of supply diversion and of displacement from further moves upstream grow as one moves up the supply chain, and need to be adequately weighed in decision taking. Notably,
- e. Alternative development is unlikely to offer Strategy value for money because of this.

66. The paper has noted many significant gaps in knowledge. These need to be addressed not only to ensure that SR2002 is better informed but also underpin effective management and delivery of the Strategy in the mean time. Those which this paper suggests most urgently need to be filled, include:

- a. On costings, the information required for Strategy Management. It is important to secure that not only required for a retrospective look but also sufficient to enable active forward planning and performance management, within Departmental programmes. Where necessary, this will also help avoid displacement;
- b. On cost-effectiveness there is a need to - at a general level - develop an overall framework for assessment so that supply /demand interactions can be factored in and to enable different activities to be assessed on a consistent basis;
- c. A greater understanding - at the activity level - of how CJS activities contribute across the piece and where they might best proactively contribute to the Strategy as a whole (for instance the relative effectiveness of "middle-market" interventions). It is particularly important that proactive and reactive activities can be better identified;
- d. At a micro level which health interventions, and for which client groups are likely to be most effective (eg which intervention or modality is most appropriate for whom)

67. These should be addressed in the SR research output.

ANNEX A: BASELINES AND METHODOLOGIES

A1. This annex brings together identified anti-drugs baselines and summarises the methodologies used in preparing them. Overall identified baselines for the years 1998-99 are shown at attached table A1. The total is split out by:

- a. **Direct and Indirect expenditures.** The former is broadly consistent with the definitions used at the CSR includes all those identified anti-drugs expenditures which can be directly related to drug usage. So it includes all identified expenditures which are either targeted at solving the drugs problem OR are directly consequent on it such as the cost to the police, prisons and courts of enforcing anti-drugs law. Indirect costs added to these include estimates for the impact of crime caused by drugs abuse; the impacts on the NHS of ill health

caused or worsened by drugs abuse and the impacts on the social security system.

- b. **Proactive and Reactive expenditures.** Proactive spend is that aimed at tackling the drug problem. Examples include supply reduction, prevention and anti-drugs education. Treatment is also proactive although - by definition - reacting to an existing problem rather than preventing it at source. However, this is distinct from Reactive spend which, put simply, are those public expenditure costs resulting from the drugs problem but which of themselves do little, if anything, to solve it. Examples include most (but by no means all) police enforcement costs; prison accommodation costs and court costs.
- c. **Strategy Objective:** estimates of expenditure are split among the four main aims of helping Young People resist drug misuse; protecting Communities from drug related anti-social and criminal behaviour; Treatment which enables people overcome drugs problems to lead healthy and crime free lives and to stifle Availability of illegal drugs on the streets;
- d. **Department, Function and Activity:** these are the basis "building blocks" for the analysis, allowing read-across to Departmental budgets, activities on the ground and to subsequent sections on effectiveness to allow an overall judgement on the present allocation of Strategy expenditures

A2. The baselines presented remain on a cash rather than RAB basis. This reflects the fact that not all Departments have produced RAB based material for their own purposes, let alone that of the Strategy. However, capital spend is not significant, and most Strategy spend takes place "beyond the boundary" in LAs, the police etc, which will be much less affected by the switch to the new system. The PIU "Accountabilities and Incentives" paper confirmed that for 1998-99 Strategy resource baselines were within ½ per cent of their cash equivalents. The same study confirmed that the split between reactive and proactive spend was not affected.

A3. The implications of the baseline estimates arrived at in assessing the progress made by the anti-drugs Strategy can be found in the main paper. The remainder of this annex focusses on summarising the methodologies used to reach them, including likely robustness and scope for improvement.

Allocation by objectives/ proactive and reactive

A4. The allocations made are summarised below, by strategy objective and whether the spend is proactive or reactive, summarised at table A2, below.

Table A2: allocation of activities by objective and nature

	YP	C	T	A
Proactive	police schools treatment DPAS teacher time	Arrest referral (part) DETR- SRB ⁶³ DETR - NDC	Health/local Authority DTTOs (part) Prison regimes	Customs & Excise DfID FCO police - overseas NCIS NCS
Reactive		CJS: offences caused by drugs (police enforcement/ prison accomodation/ CPS/ LCD - court costs) Social Security DETR- SRB DETR - NDC	probation partnership needle exchange ?	CJS: drugs offences (police enforcement/ prison accomodation/ CPS/ LCD - court costs)

A5. These follow Departmental judgement where these were offered.⁶⁴ However, a number of reactive categories of spend did not sit well under any of the objectives. To avoid (i) a "none of the above" category (which could, depending on its definition, dominated total spends) OR (ii) arbitrary prorating across the total, these took as a starting point the precedents from the CSR. However, CJS costs associated with drugs offences now go under "Availability" (as prohibition inhibits demand) and those relating to drug related crimes to "Communities" (as property crime impacts on all).

Allocation by PSA Target

A5. This section allocates drugs related spending by PSA target. While - inevitably - broad brush and indicative it is useful as a means of suggesting the "leverage" of expenditure behind what are deemed to be the key processes and outcomes underpinning delivery. Two categories can be assessed: those required to fund delivery of the target and those being affected by it. Because the former are more easily identified Table A3 below, focusses on these.

Table A3: outline allocation of spend by PSA process target

⁶³ SRB and NDC also contribute to YP

⁶⁴ Simplified where amounts are de minimis

- a. Police enforcement: cost allocation based on forward total police budgets and proportion of (i) drugs offences and (ii) estimate of drug related burglary, car crime and shop theft within total recorded crime. Sources: HO recorded crime stats 1998-99; HO Research Study 183. HO press notice on police budgets and SSAs. Forward projections assume that drugs offences continue to fall over the next two years (by 7½ per cent) and that drugs-related crimes remain constant as a proportion of the total;
- b. Prison accommodation: cost allocation based on forward total prison budgets and proportion of (i) drugs offenders and (ii) estimate of drug related offenders sentenced or on remand for robbery and burglary within the total prison population. Source: PS CSR Settlement; Glaze to Smith 15/9/99; Prison Statistics. Forward projections assume that share of drugs offenders in total population remains flat;
- c. Probation: cost allocation based on forward total probation budget and proportion of (i) drugs offenders (Probation Unit projection for 1998-9 and 1999-00) and (ii) estimate of drug related offenders under supervision for community sentences. By assumption 10 per cent of non-drugs offender's under supervision assumed to be drugs related. Source: 1998-99 and 1999-00 Regan to Smith; HO cash plans; HO drugs seizure and offender statistics
- d. Prison regimes: 1999-00 figures from Prison Service uprated for forward two years by rate of increase total CSR and previous allocations. Source: HAC 1998-99 report on "Drugs and Prisons vol II p 150;

A8. The main issues concern robustness. But the assumptions are conservative compared to others quoted. Main uncertainties over (i) percentage of burglary, vehicle crime and recorded shop theft attributable to problem drugs use: proportions applied 0.25, 0.25, 0.3 respectively (Cf presence of opiates found by Bennet in those arrested of 0.19; 0.18; 0.47), and by value 1/3 of all crime; total drugs and drugs related offences are estimated here to come to some 550K (Cf 1m cited by Home Secretary); (ii) rate of change in drugs offences over forward years 7½ per cent fall - Cf 9 per cent fall in all drugs offences recorded in 1999 but following increases in trafficking in previous years (tripled 1987-97); flat shares for other projections (Cf eg doubling of share of drugs offenders in total prison population 1988 -1998; estimated tripling of availability since mid 1980s).

Lord Chancellor's Department/ Crown Prosecution Service

A9. Baseline evidence derived from model of court costs developed by Department, by offence. Offending assumptions consistent with those used for HO.

Department of Health

A10. For direct expenditure - estimates and forward projections to 2001-02 based on DAT template exercise. Estimates likely to be robust. Reactive costs: drugs related A+E - from Department's estimates of per cent of A+E resulting from substance abuse, projected forward using total HCHS budget; HIV - estimate for 1999-00 uprated for HCHS budget.

Customs & Excise

A11. Data from Departmental cost allocation and RAB systems. Numbers considered robust, although that for intelligence are still giving some concern. Estimates are not comparable with that at CSR, which is now thought to be less reliable, nor with those submitted for the PIU accountabilities and incentives exercise.

Social Security

A12. Direct spend based on those qualifying for IB and Severe Disability Allowance on substance abuse grounds 1999-00, uprated over CSR period by growth in the total for these benefits. Wider social security spend: RDMD estimates of problem addicts on benefits multiplied by average benefit payment per week (IS and HB). Uprated over projection period by the rate of growth per capital in benefit levels; numbers assumed constant.

Education and Employment

A13. Estimate of average cost per teacher on drugs education, multiplied by the total number of schools; Standards Fund departmental estimate of share devoted to drugs related training. Misc: includes £500K pa research project on effectiveness of drugs education and other evaluation and support. Consistent with methodology used in CSR, but £3m "misc" estimate made there quoted now thought untenable.

Environment

A14. SRB: estimate based on number and size of bids that address illegal drugs for 1998-99 and 1999-00 - used as a basis together with forward plans for total SRB for a projection of 2000-01 and 2001-02. Reflects increased focus in recent rounds of SRB on drugs and crime related issues.

A15. New Deal for Communities and other based on Departmental systems

Department for International Development

A16. Includes identified law enforcement and alternative development projects (intended to provide alternative livelihoods to those in drugs producing areas) in baseline and for forward years. Projections for the former subject to assessment about

how much is drugs related - 20 per cent used for Africa and 33 per cent for Latin America and the Caribbean. The impacts of larger projects, where the drugs element is known to be less, have been factored in accordingly.

Foreign Office

A17. Estimates for overseas anti-drugs assistance (and running costs) from Departmental systems. Robust cash numbers available, but those on a RAB basis are not available yet.

Defence

A18. Estimate from Departmental systems of spend on Compulsory drugs testing in the armed services. Robust.

Rebasing of CSR estimates

A19. The CSR table identified spend of £1251m split between £355m proactive and £896m reactive. These figures have been rebased to allow for the:

- double counting in these of DH community care figures (P - minus £37m)
- understatement of social security spend, the £16m quoted being a quarterly figure (R- plus £48m)
- misclassification of "teacher time" in schools and MDT in prisons as being reactive rather than proactive (P +40, R-40);
- exclusion of SRB and HB monies and ½ of CPS/LCD spend, now put into the "indirect spend" because of their natures and wider uncertainty; (R-102½)
- Police proactive - unidentified (P-20).

A20. These changes produce a restated CSR figure of £1140m, split £338m Proactive and £801m Reactive. As a result the 1997-98 numbers should be broadly comparable to the "direct" line of spend for 1998-99. However, it seem likely that discrepancies remain in the CJS numbers (eg drugs offences prison accommodation 1997-98 £315m, compared to an estimate of only 275m for 1998-99) and for C&E (the department note that the £127m for 1997-98 and their 1998-99 figure of £166m are not comparable). Factoring these in yield a total of £1139m, split proactive £377m and reactive £762m.

Robustness of data - and suggestions for further work

A21. Baseline information has been collected through a variety of systems and reflects differing degrees of robustness. The overall position is summarised in table A below.

Table A4: summary of information robustness

Direct			Indirect
robust - eg from Department systems	robust - from established drugs related systems	broad magnitudes - convincing - apportionment but broad parameters known (eg from academic literature)	broad magnitudes indicative - apportionment with uncertain parameters (many by assumption)
All spend within policy functions of Departmental boundaries. Some operational (eg ...)	spending based on DAT templates (eg DH spend)	Courts, other CJS spend on drugs offences, IB and SDA social security, LCD	costs of drugs related crime more widely, wider social security costs; regeneration
Total⁶⁶ £m : 296	Total £m : 240	Total £m: 929	Total £m : 2053

A22. The first three categories can all be considered reasonably robust - at the very least as broad orders of magnitude. The fourth is less certain - but is included at the Steering group's request, on the basis that it is preferable to have cost estimates which are broadly right than precisely wrong. Uncertainty has been compensated for by the drawing of estimates on conservative assumptions. Given these point we can be reasonably confident that any errors lie on the side of understating rather than overstating existing costs.

A23. That said, while for propriety and audit purposes this position can be lived with it clearly raises issues concerning our ability to undertake active direction and performance management of the Strategy. Improving information systems clearly forms part of future work on policy delivery. However, a reasonable objective would be to ensure that for SR2002 all direct spend is "robust" - based on either Department's own audit systems or those specifically relating to the drugs Strategy AND that the broad magnitudes of "indirect" costs can be measures "convincingly."

⁶⁶ Estimates 2001-02

ANNEX B: SUMMARY OF COST EFFECTIVENESS SOURCE MATERIAL

Area	Comment/Title	Activities covered	Evidence strength
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Young People	Protecting Young People: good practice in drugs education in schools and the youth service	Evidence-based good practice in schools - drawing on literature	**
	Assessing the impacts of school-based drugs education: a six year multilevel analysis of project DARE	US anti-drugs schools programme, enforcement focused	***
	National Institute on Drugs Abuse 1998: research monograph 176	effectiveness of prevention interventions with youth at high risk, costs benefits and cost effectiveness of comprehensive drugs abuse prevention; school based approaches to drugs abuse prevention	***
	Risks and Responsibilities: drug prevention and youth justice (DPAS, 1999) Newburn & Elliott	Evaluation of two innovative drugs prevention projects	*
	A follow-up evaluation of project Charlie: a life skills drugs education programme for primary schools, (DPI 1997) Hurry and Lloyd	Evaluation of life skills based education project	**
	Evaluating effectiveness: drugs prevention research conference (DPI 1999)	summary of conference proceedings, including prevention/education	*
	Drugs education in Schools: identifying the value added of the police service (Roehampton Institute) 1999	Evidence on what police forces do, effectiveness, recommendations for best practice	*
	Innovation in drug education (Tackling Crime together 1997)	qualitative assessment of series of pilot schemes	*
	Drugs misuse and the Environment: report by the ACMD (HO, 1998)	community-based drugs prevention strategies	*
	SR2000 review of drugs prevention HO, unpublished)	summary of the evidence (eg schools, youth service) and practice on the ground	**
DPRC Research brief: the costs and benefits of drugs use prevention. RAND, 1999	compares prevention with other interventions. Outturn varies from 10kg of cocaine use avoided to 25 to 60 kg for low medium and high estimates. Rank varies from lowest (after enforcement and source country control) to second highest (after treatment)	**	
Using the media in drug prevention (DPI, 1999) Hastings and Stead		*	

Communities	Gearing drugs policy to crime reduction: evidence from research (HO, unpublished 2000)	comprehensive survey of relationship between drugs crime and CJS interventions	***
	Policing drugs hot-spots (HO 1999), Jason	Evidence and recommendations	**
	Drugs and crime: the results of research on drug testing and interviewing arrestees	assesses links between drugs and crime	*
	DTTOs interim evaluation report (HO unpublished) Turnbull, Hough, Webster, Edmunds and McSweeney	DTTOs: impact on health and crime; implementation lessons	**
	Arrest referral: emerging lessons (HO 1998) Edmunds, May, Hearndon, Hough	Arrest referral schemes	**
	Policing & Public Health: law enforcement and harm minimization in a street level drug market	Impact of proactive suppression of drugs activities	*
	DETR: evaluation of SRB challenge fund	summary	*
Availability	PAC: Prevention of Smuggling, 15 th report 1998-99 session	Report on the strategy and robustness of key performance measures	*
	C&E Treasury minutes on the above; discussion with Donald Toon & Harry Potts Jan 2000, follow-up material	Background to the C&E strategy, robustness of measures, key challenges	**
	Economic Aspects of the illegal drugs market and drugs enforcement policies in the UK (Ho research study 95, 1988) Wagstaff & Maynard	The welfare economics of drugs enforcement policies	**
	Are Mandatory minimum drugs sentences cost effective (RAND, 1997)	Impact of longer sentences of prevention, treatment or supply reduction	***
	MDT in prisons - an evaluation HO Research Study 189		**
	cost implications of MDT in prisons (Lancet, Oct 1996)		*
	DfID: Departmental submission on cost-effectiveness (Weich to Smith Jan 2000)	law enforcement support and alternative development	*
	FCC: Departmental submission on cost-effectiveness (following discussion with DCID Jan 2000)	supply interdiction	*

Treatment	NTORS (yrs 1-4) reports: changes in substance use health and criminal behaviour (1-4 years) after intake	inpatient, residential rehab, outpatient methadone reduction, outpatient methadone maintenance	**
	Epidemiologically based needs assessment drugs misuse (forthcoming) Marsden, Abdulrahim Hickman & Scott	Counseling, syringe exchange, GPS, community prescribing, residential rehab, inpatients,	**
	The Task Force to review Services for Drugs Misusers (DH 1995)	Settings: YP, social services, GPs, Hospital A&E, Police Cautioning, arrest referral, probation service, prisons	**
	Do treatments for drugs dependency reduce heroin use and drugs related crime: econometric evidence from the NTORS (Healey, Knapp, Gossop, Pacelli, Astin, Marsden)	Interventions: syringe exchange, counselling, detox, methadone reduction, methadone replacement, residential therapeutic communities, in patients	***
	Crime & drugs addiction: criminal behaviour among clients recruited to NTORS (1999) Stewart, Gossop, Marsden and Rolfe	cost-effectiveness regression analysis of inpatient detox; residential rehab; methadone maintenance; methadone reduction	***
	National Institute on drugs abuse research monograph	survey of evidence	*
	Drugs Abuse Treatment: a National Strategy (US Study)	longitudinal regression study of 12K abusers, focussing on cost-effectiveness of crime and health outcomes	***
	cost of drugs use and criminal involvement before and during methadone treatment, Journal of clinical forensic medicine 1999	criminal behaviour of those on methadone	**
	Doing Justice to Treatment: referring offenders to outside services (DPAS 1999)	identification of problem drugs users as pass through CJS	*
	Drugs and Prisons (HAC report)	assessment of Prison Service Strategy	**
	CARAT caseload record; Prison Service instruction May 2000	Prison Strategy and activities	*
	PDM Consulting; Report on drugs treatment and rehab services, 1998	economic costs of drugs abuse; evaluating cost effectiveness of treatment services	**
	Review of the Prison Service drugs strategy		*

Key:

* - useful background

** - relevant and some quantification of effectiveness; OR robust but less applicable

*** - relevant and robust quantification of cost-effectiveness OR comprehensive literature survey