



KPMG FOUNDATION

8 SALISBURY SQUARE  
BLACKFRIARS  
LONDON  
EC4Y 8BB

T 020 7311 4733  
F 020 7311 4242  
kpmgfoundation@kpmg.co.uk

## NEWS RELEASE

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### **NEW RESEARCH ON COST OF CHILD ILLITERACY BACKS GOVERNMENT DECISION TO INVEST IN EARLY HELP FOR STRUGGLERS**

Research published today provides strong support for Gordon Brown's pre-budget report announcement of plans to roll out the *Every Child a Reader* initiative nationally. The scheme will benefit over 30,000 children a year by 2010-11.

The ground breaking research from the KPMG Foundation charitable Trust calculates for the first time the cost to the public purse of 38,700 pupils in England and Wales leaving primary schools every year with very low literacy skills.

It works out at between £44,797 and £53,098 a head during half a life-time - an annual cost of between £1.73 BN and £2.05BN for the 6% of the nation's 11-year-olds concerned.

The research shows how literacy difficulties are linked to costly special educational needs provision, truancy, exclusion from school, reduced employment opportunities, social costs linked to early school leaving (such as teenage pregnancy and drug and alcohol abuse), increased health risks including obesity and depression and a greatly increased risk of involvement with the criminal justice system. On the basis of two major national birth cohort studies the associated costs can be projected until the age of 37.

The annual costs of literacy difficulties can be broken down broadly as follows:

Employment related costs:	£1.01BN
Crime related costs:	£0.39BN
Education costs:	£0.38BN
Costs of teenage pregnancy and substance abuse	£0.23BN
Health costs	<u>£0.04BN</u>
<b>TOTAL</b>	<b><u>£2.05BN</u> *</b>

The researchers looked at the costs of providing the Reading Recovery teaching programme for six-year-olds that is used in *Every Child A Reader* schools. These worked out at £2,389 per pupil. Based on evidence that such intervention will lift 79% of children who receive it out of literacy failure, the return on investment for every £1 spent on the programme is estimated at between £14.81 and £17.56 over the next 31 years.

Gordon Brown, Chancellor of the Exchequer, said: “There is no greater educational priority than ensuring that all children are able to read. I’m delighted that the successful *Every Child a Reader* programme will be able to benefit pupils across the whole country”.

Jo Clunie, Director of the KPMG Foundation, said: “We commissioned this research because, together with government and other business and charitable organisations, we have invested £10m so far in the *Every Child A Reader* programme. We wanted to make sure that our joint investment was value for money. And this report suggests a brilliant return of at least £15 for every £1 we have spent.

“But this research contains another important lesson. Providing a child aged six with special reading tuition under the Reading Recovery programme costs a primary school about £200 a head more than they would have to pay out in providing special needs support later on. This means that primary schools need targeted top-up funding if they are to use this intervention. We are delighted that government is planning to provide this. It will save the country millions in the long term.”

Jim O’Neill, Chief Economist at Goldman Sachs and chair of SHINE, one of the charities which supports the programme, said: “We welcome this ground-breaking information about the savings to the country that come from investing in literacy help. £1.3 and £1.7BN a year is a lot of money - and this is bound to be a conservative estimate because so many savings cannot be quantified. The true savings will be very much larger when the economic effects of reduced spending power, and social housing costs as well as intergenerational effects on literacy skills are considered.”

## **Notes to Editors**

*The long term costs of literacy difficulties* is published by the KPMG Foundation and is available on [www.kpmg.co.uk](http://www.kpmg.co.uk)

\* The broad half-life-time costs are based on the savings in the report’s main table in the executive summary marked up approximately from 79% to 100%.

The KPMG Foundation was created in 2000 by KPMG UK LLP, which employs 9,500 partners and staff, in 22 offices around the country, providing audit, tax, and advisory services. The focus of the Foundation is on education and social projects for the disadvantaged and underprivileged with particular emphasis on unlocking the potential of children and young people, up to 30 years of age, who for primarily social reasons have not fulfilled their educational potential.

The report was prepared for the KPMG Foundation by Jean Gross, Director of *Every Child A Reader* and members of the KPMG Education Advisory Team including qualified accountants from KPMG.

*Every Child A Reader* is a three year, £10 million project that aims to show that it is possible to help almost all children with literacy problems. It does this by placing specialist literacy teachers trained in Reading Recovery into schools to provide intensive one-to-one support to those children aged six most in need. Research published at the beginning of November showed that children who had the extra lessons made an average gain of 21 months in reading age in 4 - 5 months of teaching – well over four times the normal rate of progress.

Sponsors of *Every Child A Reader* include the DfES (which has put in £4.55m of the £10m cost), the KPMG Foundation, the Esmée Fairbairn Foundation, SHINE, the Indigo Trust, JJ Charitable Trust, the Mercers' Company and the Man Group plc Charitable Trust..

**Further information from: Tim Devlin, Press Officer, Every Child A Reader, on 01205 290817 or 07939 544 487 or the KPMG Press Officer on 020 7694 8773**