

## HARROW STRATEGIC PARTNERSHIP BOARD

### Community Budgets - A better way of doing business?

6<sup>th</sup> December 2012

<p><b>Introduction</b></p> <p>This paper provides an update on the progress of the 4 whole place community budget pilots and the potential they have been able to demonstrate a 'community budget' approach to public service reform and asks HSP if they see merit in working up a similar approach in Harrow.</p>
<p><b>Proposed Action</b></p> <p>Given public services in Harrow are not immune from the budget cuts either and experience many of the same issues as outlined by the pilots, is there a consensus that we could manage the financial and social challenges we face by developing a community budget approach in the same or a similar way to the four pilots over the next few years?</p>
<p><b>What are you asking the Partnership Board to do</b></p> <p>Consider the opportunity presented by Community Budgets and the appetite for developing a local community budget proposal.</p>

### Introduction

Over the last year, four 'whole place community budget pilots – Greater Manchester, Essex, the West London "tri-borough" of Westminster, Kensington and Chelsea and Hammersmith and Fulham, and Cheshire West and Chester have been looking at whether or not, by working together better and smarter, there is a better way of doing business and make public money work harder to tackle some of the major social challenges our communities face today.

This is taking place against a backdrop of unprecedented public sector spending cuts where government has asked the whole public sector to make big savings. For example, the NHS has its QUIPP savings targets, councils are facing grant cuts of 28% in the years to 2015 and now possibly extended to at least 2018 and the Metropolitan Police are faced with a 20% funding cut from Government.

The four pilot areas each worked in their own way to build local confidence across public service organisations to invest in a common approach to tackling this issue. They have focussed on outcomes rather than organisational boundaries, inputs and geographical constraints. The resulting business plans were presented to Government at the end of October and are to be shared more widely with partners at a conference on 29<sup>th</sup> November. They outline changes to the way public sector organisations work together; changes to the way money flows around the system, and changes to the way local action is controlled from Whitehall. In return, they evidence a way of living within smaller budgets that will not only make savings and protect services, but will improve outcomes for citizens too.

The community budget approach is based on sharing methods and tools such as; an evidence base, maps of money flows, options appraisals, cost benefit analyses, trialling new delivery models, evaluation and co-investment, and scaling up mostly already existing interventions in 5 complex, high cost areas:

- a. Integrating health and social care
- b. Troubled families
- c. Economy & growth
- d. Safer communities
- e. Children & young people

## **The Community Budget approach**

### **a. Integrating health & social care**

Health and social care services are facing three major pressures:

- an ageing population with a growing burden of chronic conditions;
- patients feeling their expectations of high quality care will not be met and their experience of inconsistent and poorly co-ordinated care, and a system that lacks transparency;
- a funding gap as a result of budget cuts and increasing demand for services expected to rise at around 3-4 per cent a year over the next decade.

Health and social care integration is not new, places like Torbay, Blackburn with Darwen and Herefordshire have already undertaken innovative work in this area and it is a priority for the health service, local government and other partners in many other parts of the country.

In response, the Tri-borough pilot is considering for example:

- A focus on the 20 per cent of the population with the most serious conditions that account for 77 per cent of health and social care costs (95 per cent of acute care costs and 87 per cent of social care costs). This

group has average annual costs of £24,752 per person compared to £275 for the healthiest and lowest risk groups;

- using a pro-active, risk based approach to focus on maintaining complex chronic conditions; high risk long term conditions and better care of healthier, lower risk patients to prevent admissions to hospital and care homes;
- a new funding approach that brings together health and social care budgets and funds per patient rather than tariffs for specific procedures;
- an integrated health and social care system, with dedicated centres focussing on high risk patients to support the most vulnerable people in their own homes and communities in order to avoid hospital and care home admissions.

The work in Greater Manchester is focussing on integrated health and social care services in the fields of older people's services, dementia care, falls prevention and fuel poverty. In addition, the GM work focused on the leadership and vision required by public sector partners to take forward the proposed reconfiguration of hospital services and development of new integrated health and social care services.

To make the proposals work, the pilots proposed five key enablers to government:

- a new funding model across the health and social care system moving away from national tariff payments for specific procedures;
- Department of Health, NHS Commissioning Board and Monitor support for the development of new contracts with providers;
- new information sharing arrangements that make sharing the default setting;
- up front investment in integrated care and a 3 year funding cycle for clinical commissioning groups;
- work force changes to enable people to work across organisations in hybrid roles.

The result in the tri-borough model is expected to deliver £66 million per year of efficiency savings in year five with costs of £28 million enabling net acute savings of £38 million a year. This is primarily driven by a reduction in acute hospital activity, through investment in community and social care services.

## **b. Troubled Families**

There are a small number of high risk, high cost families who need integrated support from public services to turn their lives around. The current system is characterised by:

- poor outcomes, with high levels of economic inactivity and low educational attainment;
- high costs, with multiple, overlapping interventions from different organisations, often at the wrong time and place;
- complexity and confusion for both families and staff, with disjointed assessment and referral processes;
- families falling through the gaps, as eligibility criteria act as a barrier to early intervention;
- spending on expensive and reactive services when problems become acute, as opposed to earlier, more cost effective intervention;
- poor tracking of costs and outcomes, as so many agencies are involved with each family; and
- disincentives to invest, as the costs and benefits of prevention are split across different public sector agencies.

The pilots looked at:

- establishing provision for families outside the Troubled Families Programme criteria. Although the TFP has given impetus and greater scale to tackling the problem, many families fall outside its criteria;
- sustaining funding after the conclusion of Troubled Families programme funding in 2015 using new investment agreements to manage costs and benefits that split across public services.

Using a whole system approach, Greater Manchester is implementing:

- a multi agency steering group and a multi agency group responsible for case allocation, performance management and ongoing learning;
- a key worker or case management approach to improve integration, coordination, prioritisation and sequencing of support;
- the principle of whole family working with the movement of core resources previously dedicated to other functions;
- intensive support to those with the most complex needs with specialist workers managing small caseloads; a moderate support package for those with moderate needs provided by a mixture of specialist and generic workers managing larger caseloads and less intensive support provided by more generic family workers for vulnerable families at risk of becoming troubled;

- engaging the family itself in developing actions plans and of promoting self reliance and self responsibility;
- IT solutions to assist with early multi agency identification of families at risk, to track their progress and what help works.

The successful implementation is dependent on government:

- supporting local partner investment. Options include guidance that sets out how resources can legitimately be pooled across partners, a stronger accountability framework for sharing budgets, and support to trial shared investment;
- developing the social finance market by providing brokerage between investors and providers, model finance and financial agreements and specialist financial and commercial expertise. These measures could help local authorities to build capacity, expertise and importantly confidence in innovative finance mechanisms;
- using the Cabinet Office “Outcomes Finance Fund” to support work with other cohorts of families alongside the Troubled Families cohort, to facilitate national alongside local investment in complex needs such as domestic violence, mental health and disengaged young people;
- drawing together the Work Programme and the troubled families work much more closely;
- going further on data sharing beyond what is possible through bilateral agreements.

It is estimated that the cost savings that could be made across public services in Greater Manchester is £224m and that £110m of the £224m represents cashable savings. The Troubled families programme in Greater Manchester will work with a larger number of families than those falling strictly within the TFU definition, creating the potential to release much greater savings.

### **c. Economy & Skills**

Growth is a key priority for all the pilot areas - government, local councils, business, local partners and the wider community. Each of the pilots considered how they could promote growth more effectively and identified the fit between local training and local skills needs as a key priority due to a general mismatch of skills to local vacancies which underpins the problem.

The GM community budget for example sets out improvements to drive local growth, by making every contact with public services count, getting residents facing multiple disadvantage onto a trajectory towards work, and supporting the delivery of welfare reforms and Universal Credit.

Essex is proposing:

- that local employers determine vocational skills priorities - through a new Employment and Skills Board informed by detailed local labour market intelligence developed during the pilot;
- bringing vocational skills funding streams for 16 to 24 year olds together and devolving responsibility for funding decisions to enable both greater direction by local employers and the use of a new payment by results funding model focussed on the job outcomes;
- Creating a simple and coherent vocational pathway from school to work ensuring that young people have the information they need to make sound learning and employment choices including streamlining and simplifying help for young people disengaged from work and learning;
- Creating a better way to track young people throughout their journey from school to sustained employment.

Cheshire West and Chester is proposing:

- a new employment and skills hubs which will co-locate national and local agencies in specific neighbourhoods to provide a tailored offer through specialist advisers to different groups of job seekers including young people, over 50's and the long term unemployed.

Greater Manchester's proposals consist of three key elements:

- reducing the number of people on Employment Support Allowance through a 'Fit for Work' service, and an enhanced offer for Employment Support Allowance claimants;
- improving qualifications and work opportunities for young people;
- increasing progression in the labour market for low skilled residents.

The re-design of vocational skills in Essex to fit local labour market needs through a payment by results funding model will create 8,000 additional apprenticeships by 2020.

#### **d. Safer Communities**

The pilots all have proposals to either address the causes and impact of domestic abuse more effectively and reduce the multiple pressures it creates for public services or to reduce reoffending given that, for example, in the Tri-borough reoffending by all adult offenders has increased from 23 per cent to 27 per cent despite investment of £6 million a year of discretionary grants in nine separate reoffending programmes.

With regard to domestic violence the pilots found that:

- There is a demand for better outcomes for victims, perpetrators and children. In Essex, the pilot identified that 2,500 perpetrators of

domestic abuse are brought to trial but only around a 100 complete a programme to address their abuse;

- Cheshire West and Chester found that in 2011/12 over 9000 women in West Cheshire are likely to be affected, however the majority do not touch the criminal justice system with just 1,160 reporting incidents to the police;
- One in five murders in Essex are preceded by domestic abuse;
- In Essex, they found over 1000 locations, 116 phone numbers and over 80 agencies offering services to the victims of domestic abuse;
- Domestic abuse costs public services in Cheshire West and Chester £20 million a year. 98 per cent of the cost is in reactive services;
- In Essex the pilot has identified costs of £48 million a year with policing costs of £16 million.

The solution in Cheshire West and Chester, is a new approach based on stronger partnership working which will focus on:

- an access team to provide support earlier;
- a coordinated, consistent and evidence based common assessment;
- a menu of interventions for perpetrators including electronic monitoring, alcohol monitoring, perpetrator programmes and addressing substance abuse;
- local commissioning teams to ensure the right interventions;
- wider use of integrated offender management;
- testing shared budgets and investment based on a clear map of costs and benefits across local public sector organisations;
- a joint outcomes framework with common objectives for all agencies;
- a data and intelligence hub to ensure accurate management information and the accurate measurement of impact.

In Essex, they propose to implement a new approach to domestic abuse by:

- establishing a multi-agency hub to complement the new Police Central Referral Unit and create a single gateway to access services and provide initial support to victims;
- improving, for example through training, identification, support and referral for victims in key services including health and housing;
- developing a perpetrator strategy to reduce the number of perpetrators;
- establishing a single strategy and commissioning plan aligning budgets;

- establishing an integrated commissioning framework with shared priorities and measures;
- establishing programmes to help victims move on from abuse by increasing their resilience and reducing reliance on public services, incorporating key changes in practice by housing authorities and housing associations.

In Cheshire West and Chester they are estimating savings of £7.6 million over 5 years whilst in Essex, the new service requires an upfront investment of £10.3 million over three years in order to achieve long-term financial benefits with [net] benefits of £5.5 million from 2016-17.

In relation to reducing reoffending, the Tri-borough is proposing a local reoffending service for short sentenced prisoners (less than 12 months) returning to the borough including:

- shifting the current discretionary spend on adult reoffending from services predominantly focused on those receiving sentences of over 12 months in custody to those receiving 12 months or less in custody who have a higher likelihood to re-offend;
- replacing all local authority grant funded services targeted at reoffending;
- a custody referral team engaging offenders at the earliest opportunity to identify and provide help for substance using offenders;
- a reducing offending team focussing on assessment and action planning for short sentenced offenders;
- targeted interventions which are tailored to the offender.

In order to make the Tri-borough's approach to re-offending a reality they are seeking technical support from central government for a two year pilot and evaluation. If the evaluation shows better outcomes and savings, scaling up the model will require joint investment from the departments that benefit including the Home Office, Ministry of Justice, Department of Work and Pension and Department of Health. The sharing of personalised data on short sentenced prisoners is also critical to the successful implementation of the Tri-borough's new local reoffending service.

Through re-designing the service, the Tri-borough is aiming to reduce the re-offending of short sentenced prisoners by 10 per cent. The new service will cost £11.2 million over a five year period from 2013-14 and is expected to reduce local spending on tackling reoffending by £1.2 to £6.1 million over five years.

#### **e. Children and young people**

In Greater Manchester they identified a problem with the number of young children who were not ready for school and Cheshire West and Chester identified



a need to develop a more joined-up and evidence-based approach to support and prevention to reduce “failure” demand at the highest level of need. There are strong links between the different pilots’ proposals in this area and the troubled families and domestic abuse themes.

The Greater Manchester pilot focussed on pre-birth to 5 year olds to increase the proportion of children who are ‘school ready’ by the end of their reception year and identifying risks to their development early so these can be addressed through evidence-based interventions. The core elements of their proposal are:

- A cross public service commitment to an integrated whole child and whole family approach;
- Improved universal, preventative services aiming for 100% coverage of the 40,000 children born in GM each year;
- A new parental contract to enable parents eligible for targeted two-year old day care to be on track towards sustainable employment and ‘good enough’ parenting;
- where risks were identified, families would be given proven packages of help;
- common terms and conditions for childcare workers to improve the quality, affordability and accessibility of childcare across the conurbation.

The Cheshire West and Chester pilot is proposing joint commissioning between the local councils and clinical commissioning groups, creating a multi-professional team and shifting commissioning towards interventions with a strong evidence base including:

- A Children’s Investment Unit to jointly commissioning services for children and young people across both health bodies and the Local Authority which will re-cycle cashable savings in high cost services into early intervention;
- A new approach focused around families with a single family assessment;
- A single point of access with a triage and case co-ordination function enabling better access to the right services, a common understanding of need across agencies and further sharing of information;
- Multi-disciplinary Early Support Teams aligned to Children’s Centres - bringing together health, Children’s and Young People’s services and other professionals enabling joint management of cases and interventions across organisational boundaries
- The scaling-up of proven approaches which reduce demand for more costly services including the Family Nurse Partnership<sup>1</sup>, Multi-Systemic Therapy<sup>2</sup> and Parenting Programmes<sup>3</sup> based on cost-benefit analysis.

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<sup>1</sup> A preventive programme for young first time mothers offering intensive and structured home visiting, delivered by specially trained nurses

<sup>2</sup> A well-established intervention which aims to reduce youth criminal activity and antisocial behaviours and to achieve these outcomes at a cost savings by decreasing rates of incarceration and out-of-home placement.

In Greater Manchester the new model is predicted to deliver benefits of £215 million over a 25 year period from additional costs of £38 million. An investment agreement will be developed that reflects where benefits are likely to fall with both local and national partners and whether they fall in the short, medium or long-term. Cheshire West and Chester's approach will avoid future costs and release savings of £2m (net) over the next five years.

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<sup>3</sup> [DN: describe]