About this report

In early 2016 the National Audit Office (NAO) undertook research to find out how local public service reform is being pursued in eight places in England, what the enablers and barriers are and how the government is supporting reform at a local level. This document summarises the findings of our work and identifies sources of help that may be useful to local areas.

For further information on this overview or to find out more about the NAO’s work on local public services please contact:

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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 785 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.21 billion in 2015.

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**Introduction: why local public service reform is needed**

The NAO has reported on the financial challenges councils face as a result of:

- a real-terms reduction in their income of 25% overall between 2010-11 and 2015-16 with a further 8% reduction planned from 2015-16 to 2019-20, taking account of both government funding and council tax;
- significant variation in the level of funding reductions, with councils more dependent on government grant having experienced bigger than average cuts.

The NAO has also reported on the significant financial challenges faced by other local public services including police and health services:

- a 25% real-terms reduction in central government funding to police and crime commissioners between 2010-11 and 2015-16;
- local NHS trusts and foundation trusts ended 2015-16 with a combined deficit of £2.45 billion.

At a time when funding is reducing, demand for services is rising in many places due to:

- the increasing number of older people and children and adults with long-term and multiple health conditions and disabilities needing support;
- a 6% increase in the number of children in care between 2011 and 2015;
- local factors such as housing shortages and job losses.

Supporting people with complex needs can be expensive – for example:

- the average annual cost of a residential place for a child in care is more than £130,000;
- one council estimates that 60% of its budget is spent on just 2% of the population.

Reform involves local services working together with service users and citizens to:

- prevent or reduce demand for costly services by helping people and communities become more resilient;
- make it easier for people to get access to the support they need through digital and other means;
- redesign services to meet people’s needs in a more integrated and effective way.

When done well, this should result in better outcomes for service users and citizens and put local public services on a more sustainable footing.
Financial sustainability of councils

Change in spending power and government funding, 2010-11 to 2015-16

Government funding has been cut more steeply than local authority income once council tax is taken into account

<table>
<thead>
<tr>
<th>Year</th>
<th>Government funding</th>
<th>Revenue spending power (government funding and council tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>2011-12</td>
<td>89.6</td>
<td>93.2</td>
</tr>
<tr>
<td>2012-13</td>
<td>82.5</td>
<td>88.5</td>
</tr>
<tr>
<td>2013-14</td>
<td>78.5</td>
<td>85.4</td>
</tr>
<tr>
<td>2014-15</td>
<td>72.1</td>
<td>80.8</td>
</tr>
<tr>
<td>2015-16</td>
<td>62.7</td>
<td>74.8</td>
</tr>
</tbody>
</table>

Percentage change at 2012-13 prices (indexed: 2010-11 = 100)

- Government funding
- Revenue spending power (government funding and council tax)

Source: National Audit Office analysis of Department for Communities and Local Government data

37% fall in central government funding to local authorities in real terms, and on a like-for-like basis, between 2010-11 and 2015-16

25% fall in local authorities’ income in real terms once council tax is included between 2010-11 and 2015-16

Introduction: why local public service reform is needed

Financial sustainability of councils

Financial sustainability of NHS bodies

Financial sustainability of police forces

Demand pressures on local public services

Council strategies for responding to funding and demand pressures

“The Department for Communities and Local Government expects that local authorities would need to adopt ambitious programmes of service transformation in order to maintain services if funding reductions continue. However, it has not yet assessed whether such projects could deliver savings which are large and timely enough to enable local authorities to maintain services.”

The NHS in England remains under significant financial pressure which is demonstrated in its accounts. It has again used a range of short term measures to manage its budgetary position but this is not a sustainable answer to the financial problems which it faces. The Department and its partners need to create and implement a robust, credible and comprehensive plan to move the NHS to a more sustainable financial footing.”

“Surplus/deficit of NHS trusts and NHS foundation trusts 2010-11 to 2015-16

There has been a significant decline in the financial position of NHS trusts and NHS foundation trusts in recent years

Net surplus/deficit for the sector (£m)

Source: National Audit Office analysis of NHS trusts’ and NHS foundation trusts’ audited accounts data

£2.45 billion net deficit of NHS trusts and NHS foundation trusts in 2015-16

£5.4 billion additional NHS funding in 2016-17

£30 billion gap between resources and patient needs by 2020-21 estimated in the Five Year Forward View
Financial sustainability of police forces

Central government revenue funding for the police, 2010-11 to 2015-16

“ Forces will need to transform the service they deliver if they are to meet the financial challenge... many of the savings so far could be characterised as tactical or efficiency savings, rather than service transformation. The Home Office and HMIC consider that forces can achieve higher levels of savings by increasing collaboration across forces and with other public sector partners.”

Comptroller and Auditor General, Financial sustainability of police forces in England and Wales, Session 2015-16, HC 78, National Audit Office, June 2015

£2.3 billion (25%) real-terms funding reduction 2010-11 to 2015-16

£2.5 billion savings police forces report they have had to make between 2011-12 and 2014-15
Introduction: why local public service reform is needed

Financial sustainability of councils

Financial sustainability of NHS bodies

Financial sustainability of police forces

Demand pressures on local public services

The number of children in care, 1990 to 2013

The number of children in care is at its highest level since 1994

Number of children in care on 31 March

Note

1 Adults aged 16 or over.

Source: National Audit Office analysis of Office for National Statistics 2011 census data
Council strategies for responding to funding and demand pressures

Councils are required to set a balanced budget each year so must find ways of managing with less government funding and responding to demand pressures.

Options for setting a balanced budget

Increase income from other sources, for example:
- Council tax
- Business rates
- Charges to users
- Commercial ventures

Reduce expenditure / improve value for money

Service cuts / rationing
- Deliver less with less

Efficiency savings
- Deliver the same with less

Use reserves (short-term fix)

Local public service reform, for example:
- Prevent or reduce demand through helping people and communities become more resilient
- Improve access to services through digital and other means
- Redesign, join up and integrate services around needs of user

Deliver better outcomes with less or the same money
How the government is supporting local public service reform

Although reform needs to happen at a local level, the government has exercised a facilitation role which has evolved over time. The approach has been underpinned by **localism** and **devolution** – giving councils new powers and greater control over funding, reducing central government oversight of what they do and funding sector-led support.

**Total Place** was introduced by the Labour government following the economic downturn to explore whether the money being spent on public services locally could be used differently to reduce costs and improve outcomes in 13 pilot areas.

The community budgets initiative was taken forward in three ways:

- **the national Troubled Families programme** which aimed to provide a more joined up, holistic response to their problems
- **whole place community budgets** in four pilot areas to develop new multi-agency approaches to meeting people’s needs
- **neighbourhood community budgets** to pilot joined up approaches to tackling local issues in 12 neighbourhoods.

The **Public Service Transformation Network (PSTN)** was set up to support the four whole place community budget pilot areas with the delivery of their plans and extend the approach to nine other areas.

The **Better Care Fund** brought together health and social care funding of £5.3 billion in a single pot under the control of local Health and Wellbeing Boards. Greater Manchester was given control of a £6 billion health and social care budget.

A further six **devolution deals** were agreed, together with a **health devolution deal** for London, and the new government invited all parts of England to submit proposals for a devolution deal for their areas.

<table>
<thead>
<tr>
<th>Year</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Community budgets was the first coalition government initiative to join up services at a local level. The focus was initially on families with complex needs with a new collaborative approach piloted in 16 areas.</td>
</tr>
<tr>
<td>2010</td>
<td>Neighbourhood community budgets were rebranded as <strong>Our Place</strong> and rolled out to more than 100 neighbourhoods by 2015.</td>
</tr>
<tr>
<td>2011</td>
<td>The government introduced <strong>Transformation Challenge Awards</strong> to enable local partnerships to invest in reform and commissioned a <strong>Transformation Challenge Panel</strong> to make recommendations on what needed to happen locally and nationally to increase the pace of integration between local public services.</td>
</tr>
<tr>
<td>2012</td>
<td>The first <strong>devolution deal</strong> was agreed for Greater Manchester.</td>
</tr>
<tr>
<td>2013</td>
<td>Further devolution deals were negotiated and councils were given flexibility to use <strong>receipts from asset sales</strong> to meet the revenue costs of reform. As the government now sees devolution as the main mechanism for driving reform, earlier transformation initiatives including the PSTN ceased.</td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
</tbody>
</table>
The journey towards greater devolution

Devolution gives local areas new opportunities to reform public services and stimulate local economic growth. Greater Manchester is using its deal to contribute to its goal of increasing employment for local people, which will reduce their dependency on services. Being able to benefit from the proceeds of economic growth through retained business rates could also help local areas put services on a more sustainable footing.

- Discrete funding streams
- Ring-fencing
- Single-year settlements
- Local bodies working in isolation
- Uniform national arrangements

- Pooled funding
- Multi-agency responsibility
- Multi-year certainty
- Local bodies working together
- Local autonomy

Public service reform

Growth

Regional growth fund

City deals

Transfer of public health

Growth deals

Better Care Fund

Devolution deals

Further devolution

Bespoke deals in different places and move to 100% retention of business rates by 2020 in return for new funding responsibilities
Devolution versus national programmes to drive reform

Despite the emphasis on devolution, the government is still driving reform through a number of national programmes. But there is some local flexibility over how these are delivered. Some devolution deals include funding from national programmes, which increases local flexibility over how reform is delivered.

National programmes (May 2016)
- Troubled Families (DCLG)
- Better Care Fund (DCLG/DH)
- Sustainability and Transformation Plans (DH)
- Children’s social care (DfE)
- Work and health programme (DWP/DH)
- Universal services delivered locally (DWP)
- Transforming rehabilitation (MoJ)
- One Public Estate (CO)
- Emergency services collaboration (HO)

CO = Cabinet Office, DCLG = Department for Communities and Local Government, DfE = Department for Education, DH = Department of Health, DWP = Department for Work & Pensions, HO = Home Office, LEP = Local Enterprise Partnership, MoJ = Ministry of Justice
How councils are pursuing local public service reform

We talked to eight councils to find out how they are reforming local public services:

- those that had taken part in the whole-place community budget initiative: Cheshire West and Chester, Essex (as part of a partnership with Southend and Thurrock), Greater Manchester and Westminster (as part of the Tri-borough partnership with Hammersmith & Fulham and Kensington & Chelsea)

- two councils that had received support from the PSTN: Hampshire and Newcastle

- two councils that had not received support from the PSTN but faced financial challenges: Derby and Somerset

All councils were pursuing strategies that sought to increase income and reduce expenditure. However, the scope to increase income and the level of reductions in expenditure required varied from council to council.

Many of the reductions in expenditure to date had been achieved through efficiency savings. However, councils felt that there was limited scope for further efficiency savings and service transformation or more radical reform were required.

Although all councils recognised the need for reform, some were at an early stage in developing strategies for reform and partnership work was less advanced in some areas than others.

All councils welcomed greater devolution of funding and powers but not all were confident that a devolution deal would be agreed in their area in the short term and not all were clear how a deal would enable them to reform services.

Councils saw social care for children and adults as areas where there was greatest scope to reform services and meet people’s needs in different ways.

In order to set a balanced budget in 2016-17, councils told us they were having to cut or ration services to a greater extent than in previous years.

Councils were concerned that service cuts which would save money in the short term could lead to greater costs to the public purse in the longer term.

Securing funding to invest in reform was also a challenge, particularly where other parts of the public sector may stand to benefit more than the council itself.
Examples of local public service reform – whole place community budget pilot areas

**Cheshire West and Chester**

Integrated Early Support aims to improve support for families with multiple and complex needs through:

- single multi-agency access team for practitioners with complex cases;
- single assessment, case allocation and review system for families;
- co-located multi-disciplinary teams in children’s centres;
- quick, local support based on evidence-led practice.

Since the programme was introduced the number of children in care has reduced.

**Essex**

Partners in Essex, Southend and Thurrock have improved support to people affected by domestic abuse through:

- joint triage teams;
- an independent advisor service to support high-risk victims;
- an education and prevention programme for schools;
- improved support in health services – including independent advisors in hospitals;
- Better support from housing providers.

The approach is underpinned by a multi-agency framework, common ethos and coordinated strategy.

**Greater Manchester (GM)**

The GM Working Well pilot is targeted at people who have left the Work Programme and have not been able to secure sustainable employment:

- each person receives individually-tailored support ensuring, through careful coordination, that the barriers holding them back from work are tackled at the right time and in the right order;
- they receive this support for up to two years, with up to a year of in-work support and whole-family support.

The GM devolution deal will enable the approach to be rolled out to 50,000 people with a £100 million budget.

**London Tri-borough – Westminster, Kensington & Chelsea, Hammersmith & Fulham**

The Tri-borough Reducing Reoffending programme was delivered across the three London boroughs and targeted at prisoners with short sentences. It had three main components:

- a Tri-borough custody referral service;
- a Tri-borough reducing reoffending team;
- targeted interventions tailored to the needs of the offender, including peer mentoring and housing and financial advice.

Partners included the councils, prisons, police, probation, health service and the voluntary sector.
Examples of local public service reform – other case study areas

**Derby**

Derby aims to provide more personalised care and support that reduces the need for people to go into hospital or residential care. Its approach operates at four levels:

- community level: building resilient individuals, families and communities;
- individual level: working in a different way to help people find solutions that build on their strengths, skills and assets;
- service level: building flexible, empowering and responsive services that are delivered in new and innovative ways;
- whole-systems level: working in partnership to manage demand pressures and keep people safe and well.

**Hampshire**

A central theme of Hampshire’s transformation journey has been to “start with the customer and work back”. New ways of meeting people’s needs include:

- a rapid expansion in the use of telecare;
- development of extra care housing as an alternative to residential care;
- creation of ten multi-agency early help hubs, which ensure families with complex needs receive the right support to avoid the need for more costly statutory interventions;
- a new approach to supporting young people’s participation in education, employment and training;
- A new Integrated Business Centre in partnership with Hampshire Constabulary and Fire and Rescue Service and Oxfordshire County Council, which has reduced back-office costs, enabling savings to be invested in frontline services.
Examples of local public service reform – other case study areas continued

Newcastle

Newcastle secured funding of £2.7 million from the Department for Education for a Family Insights programme, which pilots new approaches to the way social workers and others work with families. The aim is to develop more tailored responses to families’ needs that bring about lasting change. The programme has four interrelated elements:

- social workers become agents of change;
- four social work units will each focus on families with similar needs and characteristics;
- insights and informatics will identify the most important outcomes to focus on;
- a social work learning and teaching organisation will be created with learning and testing at its heart.

Somerset

Somerset is transforming its services for people with learning disabilities. The council’s services will be transferred to a new social enterprise with the following aims:

- the future service will be co-produced by staff, service users and carers;
- it will enable service modernisation and transformation;
- it will enable new and innovative ways of working that will improve the consistent delivery of high-quality outcomes;
- it will ensure the right service is available to the service user at the right time and cost.

A website has been created to keep service users, carers, staff and the public informed of developments.
Projected financial impact of local public service reform

Based on cost benefit analysis of 33 projects in 13 places, the Public Service Transformation Network (PSTN) predicted that, by 2020, £1.1 billion of benefits to the wider economy could be made. This included £603 million fiscal benefits to the public sector through lower costs and reduced demand, £370 million of which could be cashable and used to invest in other services or reduce spending.

The PSTN analysis shows that cashable savings will not outstrip costs until 2019-20. It also shows that councils will fund the largest share of the costs but the health, criminal justice and welfare systems will reap the largest rewards. For this reason, it is in central government’s interests to support or facilitate local public service reform.
## The enablers of, and barriers to, reform

Through our research on local public service reform we identified five core enablers of reform and five core barriers that are created if these enablers are not in place.

<table>
<thead>
<tr>
<th>Enabler</th>
<th>Barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowing what works</td>
<td>Lack of knowledge of what does and does not work means local public services are making decisions about what to invest and disinvest in without fully understanding the consequences of their decisions.</td>
</tr>
<tr>
<td>Sharing information</td>
<td>Organisations are often reluctant to share information with each other because of real or perceived legislative barriers, technical challenges or a belief that sharing information is more risky than not sharing it.</td>
</tr>
<tr>
<td>Securing funding to invest in reform</td>
<td>Organisations may struggle to invest in reform and maintain existing services at the same time and may be reluctant to invest in reform which benefits other parts of the public sector more than themselves.</td>
</tr>
<tr>
<td>Having the right incentives to work together</td>
<td>Conflicting objectives and priorities, separate funding, accountability and inspection regimes and misaligned geographies can drive different parts of the public sector apart rather than bringing them together.</td>
</tr>
<tr>
<td>Building strong relationships</td>
<td>Reform is harder to achieve where relationships are characterised by mistrust, blame and suspicion of each other’s agenda.</td>
</tr>
</tbody>
</table>

This section gives examples of what local areas and the government are doing to remove these barriers and gives details of other sources of help and guidance.
Knowing what works

Examples of what local areas are doing

- Partners in West Cheshire have commissioned a local university to evaluate the impact of their integrated early support programme and compare outcomes with a control group in a neighbouring area.
- Essex has upgraded its analytical capacity by creating a chief scientific adviser post with the University of Essex to oversee public services’ analytical and evidence-based decision-making.

Examples of government support

- Coordinates the What Works Network of seven independent What Works Centres which help policy-makers, commissioners and practitioners make decisions based upon strong evidence of what works.
- Published cost–benefit analysis guidance for local partnerships.
- Makes some government funding for reform conditional on an evaluation of its impact being carried out, for example children’s social care innovation programme.
- Agrees arrangements for evaluation as part of the negotiation of devolution deals.

- Funds the Local Government Association to provide sector-led support, including sharing learning and good practice through its networks and the information it publishes on its website.

Other sources of help

- The Alliance for Useful Evidence champions the use of evidence in social policy and practice and has published lots of useful guidance including an evidence ecosystem infographic.
- The Public Service Transformation Academy is a new social enterprise set up to help public services transform. It maintains the PSTN website, which includes a searchable database of local places the PSTN has worked with and an introductory guide to evaluation.
- The Local Area Research & Intelligence Association (Laria) is a membership organisation for anyone researching local people and places.
- The Economic & Social Research Council (ESRC) provides funding for research that is carried out by or in partnership with universities and other academic institutions.
### Knowing what works: the role of What Works Centres

<table>
<thead>
<tr>
<th>What Works Centre</th>
<th>Policy area</th>
<th>What it does</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Institute for Health and Care Excellence (NICE)</td>
<td>Health and social care</td>
<td>Since 1999 NICE has provided the NHS with advice on effective, good-value health care. In 2013 it took on responsibility for providing guidance for those working in social care.</td>
</tr>
<tr>
<td>Sutton Trust / Educational Endowment Foundation</td>
<td>Educational achievement</td>
<td>The Sutton Trust, in partnership with Impetus Trust, founded the Education Endowment Foundation in 2011. Its role is to find the most effective approaches to improving pupil attainment.</td>
</tr>
<tr>
<td>College of Policing What Works Centre for Crime Reduction</td>
<td>Crime reduction</td>
<td>Became a What Works Centre in 2013 and reviews evidence on practices and interventions to reduce crime.</td>
</tr>
<tr>
<td>Early Intervention Foundation</td>
<td>Early intervention</td>
<td>Founded in 2013, it assesses evidence and develops tools to help councils and other local services implement early intervention effectively and improve children’s and young people’s life chances.</td>
</tr>
<tr>
<td>What Works Centre for Local Economic Growth</td>
<td>Local economic growth</td>
<td>Set up in 2013 as a partnership between the London School of Economics, Centre for Cities and Arup, it analyses evidence to identify which policies are most effective in supporting and increasing local economic growth.</td>
</tr>
<tr>
<td>Centre for Ageing Better</td>
<td>Improved quality of life for older people</td>
<td>Established in 2014, it identifies, generates and applies evidence that can help everybody enjoy a good later life.</td>
</tr>
<tr>
<td>What Works Centre for Wellbeing</td>
<td>Wellbeing</td>
<td>Established in 2014 with 17 founding partners. Its work plan is based on four themes: community; work and learning; culture and support; and methodology for measuring wellbeing.</td>
</tr>
</tbody>
</table>
Sharing information

Examples of what local areas are doing

- Greater Manchester Combined Authority is establishing a data-sharing authority, called GM-Connect, to help break down the barriers which stop public services sharing personal data.
- Hampshire County Council created the Hampshire Hub – an open data partnership for the whole public sector in the wider Hampshire area to share population-level data.
- Essex has established a data-sharing platform and risk stratification tool to support the ability to generate insight from data to support early interventions.

Examples of government support

- Funds the Centre of Excellence for Information Sharing to help local areas find ways of overcoming the barriers to sharing information.
- The government consulted in early 2016 on legislative changes which will facilitate information sharing, including proposals which will allow public agencies to share information with each other in order to improve the welfare of individuals.

In order to evaluate the impact of the Troubled Families programme the government is collecting data on outcomes from a wide range of national and local sources and will share the data with local areas to allow them to do their own local evaluation.

Data.gov.uk brings datasets published by central government departments and other public bodies together in one searchable website.

Other sources of help

- The Local Government Association (LGA) has worked with councils on the development of LG Inform, which presents data about local areas and the performance of councils.
- The LGA also has a local transparency programme to promote understanding of open data and help councils develop local transparency policies and share good practice.
The enablers of, and barriers, to reform

Knowing what works

Sharing information

Securing funding to invest in reform

Having the right incentives to work together

Building strong relationships

Enablers and barriers: issues to consider

### Centre of Excellence for Information Sharing

The Centre of Excellence for Information Sharing has produced guidance on how barriers to sharing information can be overcome. Here are some examples:

#### General guidance

These resources include guidance on:

- risks and benefits of information sharing;
- information-sharing requirements;
- developing an information-sharing protocol;
- identifying the legal basis for information sharing.

#### Multi-agency safeguarding hubs (MASHs)

This guidance is designed to help local areas understand more about information-sharing issues within the development of MASHs. It explores some of the common issues that local areas have experienced in developing MASH models, and offers insights gained from the process.

#### Ending gang violence and exploitation

This report explores the information-sharing benefits and challenges faced by local areas across the country that are working to tackle gang and youth violence.

### Information Commissioner’s Office (ICO)

The ICO website has guidance for organisations on how to comply with legislative requirements in the following areas:

- The Data Protection Act
- Freedom of Information
- Electronic communications and marketing
- Environmental information
- Spatial information
- Re-use of information

It also has guidance on the particular requirements for different sectors:

- Education
- Health
- Small business
- Marketing
- Local government
- Police, justice and borders
- Charity
- Finance, insurance and credit
- Elected reps and political parties
- The media

This includes requirements relating to data protection and transparency.
Securing funding to invest in reform

Examples of what local areas are doing

- 73 local partnerships involving 287 partners secured DCLG Transformation Challenge Award funding of £89.4 million in 2015-16 to invest in reform projects, which partners estimated would save £900 million in the long term.

- Partners in Essex secured funding of £3.1 million through a social impact bond to fund interventions for 11 to 16 year olds at risk of being taken into care.

- Hampshire County Council delivered the savings it was required to make over four years in just two years, enabling it to invest in the capital costs of transformation.

Examples of government support

- Has given councils the flexibility to use capital receipts from asset sales to invest in the revenue costs of reform or efficiency initiatives for three years from 2016-17.

- Provides funding which councils can bid to meet the cost of specific types of reform or to improve specific outcomes.

- Provides funding for local Troubled Families programmes based on the number of families councils support and the outcomes achieved.

- Set up the Centre for Social Impact Bonds to promote their use as a way of securing external funding for reform and developed a Social Impact Bond Toolkit.

Other sources of help

- The Big Lottery Fund gives grants to community and voluntary groups and charities.

- Social Finance has mobilised more than £100 million of investment in a series of programmes to tackle social challenges and published Social Impact Bonds: The Early Years in July 2016 on lessons learnt so far.

- Crowdfunding is another way of securing funding for projects with the UK Crowdfunding Association formed in 2012 to promote this form of funding.
## Examples of government funding to support reform

<table>
<thead>
<tr>
<th>Department</th>
<th>Funding</th>
<th>Purpose</th>
<th>Amount</th>
<th>Allocation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communities and local government (CLG)</td>
<td>Troubled Families</td>
<td>To turn around the lives of 400,000 families</td>
<td>£720m over 4 years</td>
<td>Payment per family supported and outcome achieved</td>
</tr>
<tr>
<td></td>
<td>Domestic abuse</td>
<td>To support victims of domestic abuse</td>
<td>£40m over 4 years</td>
<td>Not yet announced</td>
</tr>
<tr>
<td></td>
<td>Homelessness prevention</td>
<td>To prevent people becoming homeless</td>
<td>£315m over 4 years</td>
<td>By formula</td>
</tr>
<tr>
<td>CLG / Health</td>
<td>Improved Better Care Fund</td>
<td>Additional funding to improve and integrate health and social care support for adults</td>
<td>£105m in 2017-18, £325m in 2018-19, £1.5bn in 2019-20</td>
<td>By formula</td>
</tr>
<tr>
<td>Education</td>
<td>Children’s social care innovation</td>
<td>To fund new projects or scale up existing ones</td>
<td>Nearly £200m over 4 years</td>
<td>Bidding process</td>
</tr>
<tr>
<td>Home Office</td>
<td>Ending violence against women and girls</td>
<td>To support innovation and improved local approaches to multi-agency working</td>
<td>£80m over 4 years</td>
<td>Not yet announced</td>
</tr>
<tr>
<td>Cabinet Office</td>
<td>One Public Estate</td>
<td>To get better use from public sector assets</td>
<td>Up to £500,000 per partnership</td>
<td>Bidding process</td>
</tr>
<tr>
<td></td>
<td>Life Chances Fund</td>
<td>To help people who face the most significant barriers to leading happy and productive lives</td>
<td>£80m to contribute to outcome payments for payment by results contracts</td>
<td>Bidding process</td>
</tr>
</tbody>
</table>
## Enablers and barriers

### Knowing what works

Shared information

### Securing funding to invest in reform

Having the right incentives to work together

### Building strong relationships

Enablers and barriers: issues to consider

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## Overview

### The government’s approach

### Local approaches

### Enablers and barriers

### Other reports and resources

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### Having the right incentives to work together

#### Examples of what local areas are doing

Focusing on a defined geographical area can incentivise local partners to work together:

- Partnership working between three tiers of local government in a Hampshire town resulted in a new one-stop shop, the Ringwood Gateway, which made it easier for the public to access services and saved money.
- The approach in Greater Manchester is based on collaboration across local authority boundaries with the ten constituent councils forming the first combined authority in 2011.

#### Examples of government support

- Will make access to additional funding for health and social care as part of an expanded Better Care Fund conditional on local areas drawing up plans for integration by 2017 to be implemented by 2020.
- Prioritised the negotiation of devolution deals in areas where there is strong partnership working and commitment to an outcome-focused vision.

- Expanded the One Public Estate programme and invited partnerships of councils to apply for support and up to £500,000 funding by putting forward ambitious and credible plans for the use of centrally or locally owned public assets in collaboration with other public sector partners in the area.
- Introduced joint inspections for child protection, which examine the effectiveness of partnership working.

#### Other sources of help

- **Collaborate** focuses on the thinking, culture and practice of cross-sector collaboration in services to the public and has published lots of useful guidance.
- **CIPFA** has developed a suite of guidance and tools to help local bodies address the demands of reduced funding by aligning local public services.
Having the right incentives to work together: key lessons

**Cheshire West and Chester**
Local partners have identified the following learning points:

- **Collaborate where it makes sense** – target efforts rather than trying to do everything
- **Be flexible on geography** – issues should define appropriate footprints
- **Develop a compelling narrative for change** which all partners commit to
- **Invest in analysis** – plans need to make sense financially to ensure every partner is clear on their return on investment
- **Put the user at the centre** – co-design better ways of meeting their needs and consider the role of the wider community
- **Be opportunistic** about funding and process to achieve your goals
- **Keep up the momentum** – manage as a programme, monitor progress and remain ambitious

**Institute for Government**
In this discussion paper on joining up public services around local, citizen needs, the Institute for Government identifies ten insights based on analysis of successful approaches:

- Using **multi-disciplinary teams** can focus attention on complex issues
- Agreeing on **clear, outcomes-focused goals** can help local partners prioritise resources
- Using **evidence** can build consensus and help to draw in resources
- Building on **existing programmes and structures** can enhance existing good practice and partnerships
- Giving local areas **greater flexibility** can support the delivery of cross-cutting outcomes
- **Central government support** can provide additional resources and political momentum
- Using the **commissioning process** to join up services can incentivise organisations to collaborate
- Engaging a **broad range of stakeholders** can help to build buy-in and commitment
- **Sharing learning and experiences** widely can help to ensure that effective models are built on
- **Physically bringing organisations together** can help to overcome entrenched cultural differences.
Building strong relationships

**Examples of what local areas are doing**
- Essex and Hampshire are two places working to build capability and develop systems of leadership based around collaboration.
- The GM Leadership Framework also promotes collaboration and supports leaders across the public sector to share learning, develop innovative approaches and undertake job swaps, shadowing, secondments and coaching.

**Examples of government support**
- Established the Cities and Local Growth Unit to coordinate the negotiation, agreement and implementation of devolution deals on behalf of central government as a whole and strengthen relationships between central and local government.
- Set up the NHS Leadership Academy to improve the leadership behaviour and skills of people working in the health sector. Its programmes include the Intersect systems leadership programme for senior leaders across public services to help them lead system-wide change across sectors.
- Contributed to a Systems Leadership working group which funded 25 Local Vision systems leadership pilot projects in 2013 with the publication of a final evaluation report in October 2015.

**Other sources of help**
- The Leadership Centre has a long history of working with local areas to improve leadership capacity and partnership working and its Future Vision programme, which builds on the learning from the Local Vision pilots and is for leaders across the public sector.
- Solace runs a range of leadership programmes that promote transformation, collaboration and partnership working. This includes its Total Leadership Programme for aspiring CEOs and its Springboard programme aimed at individuals earlier in their career.
Building strong relationships: other resources

University of Birmingham work on public service reform

- The University of Birmingham set up a Policy Commission into the future of local public services and published its report When Tomorrow comes – The Future of Local Public Services in 2011.
- The report looked at the skills, values and identities of the future public service workforce and identified the following new roles for 21st century public servants:
  - **Storyteller**: communicating stories of how new worlds of local public support might be envisioned in the absence of existing blueprints;
  - **Weaver**: making creative use of existing resources to generate something new for service users and citizens;
  - **Architect**: constructing coherent local systems of public support from the myriad of public, private, third sector and other resources; and
  - **Navigator**: guiding citizens and service users around the range of possibilities that might be available in a system of local public support.

- Following the publication of this report, the University of Birmingham established the 21st Century Public Servant project in partnership with Birmingham City Council with Economic & Social Research Council funding.
- The project led to the publication of a report in 2014 setting out what it means to be a 21st century public servant and links to related resources.
- A report on what it means to be a 21st century councillor was published in July 2016.

Systems leadership hub

- The Leadership Centre set up the Systems Leadership Hub on behalf of the Systems Leadership Steering Group to help leaders lead across boundaries – between organisations, places or sectors.
- The Leadership Centre has also published The Art of Change Making, which is a collection of theories, approaches, tools and techniques to help leaders intervene to create meaningful change.
Enablers and barriers: issues to consider

Issues for councils and local partners

Local partners should consider whether they are doing enough together to:

- analyse how well they are meeting the needs of service users, citizens and communities and how current and future demand pressures can be reduced;
- analyse how public money is spent locally, who or what it is spent on and whether value for money is being delivered;
- understand the funding and demand pressures on all local services and manage these pressures collectively;
- work in partnership with service users, citizens and communities to redesign services around their needs and find innovative solutions to problems;
- develop the capacity, skills and relationships they need to work together in new ways;
- find out how other places are tackling the challenges they face and share learning about what went right and what went wrong.

Issues for central government

The Department for Communities and Local Government and other departments should consider whether they are doing enough to:

- address the barriers to reform set out in this document, including those related to funding;
- engage with local places to understand the challenges they face and other barriers that may hinder their efforts to reform services locally;
- identify places that are struggling to maintain statutory services and ensure they receive appropriate support;
- align and coordinate national programmes, funding mechanisms, incentives and benefit sharing to support reform and adopt a cross-departmental approach to working with local areas;
- evaluate whether its programmes, including devolution deals, are being implemented effectively and are achieving their objectives;
- ensure learning is shared at a national and local level and the evidence base of what does and does not work is developed.
## Findings of relevant NAO reports: key messages

### Financial and service sustainability
- There have been significant reductions in funding for local public services which means they face serious financial challenges.
- If it does not understand how new responsibilities and smaller budgets affect local services, central government creates risks to service delivery and financial uncertainty for local bodies.
- Rather than improving cross-boundary working, cuts in unsustainable services may lead to knock-on costs elsewhere across government.

*Financial sustainability of local authorities* (2014)

*Financial sustainability of NHS bodies* (2014)

*Sustainability and financial performance of acute hospital trusts* (2015)


*Financial sustainability of fire and rescue services* (2015)

*Financial sustainability of local authorities: capital expenditure and resourcing* (2016)

### Transformation and integration of public services
- Robust evidence quantifying the impact of joint working is limited.
- It takes time to establish the impact of transformation initiatives so there needs to be a strong commitment to monitoring and evaluation over the longer term.
- Organisations should be realistic about the the skills and capacity required to deliver change and guard against optimism bias.
- User engagement, testing and refinement are likely to be more effective than a “big bang” approach.

*Measuring the costs and benefits of Whole-Place Community Budgets* (2013)

*Programmes to help families facing multiple challenges* (2013)

*Early action: landscape review* (2013)

*Planning for the Better Care Fund* (2014)


*Personalised commissioning in adult social care* (2016)

### Devolution and accountability
- Accountability requires: a clear expression of spending commitments and objectives; a mechanism or forum to hold to account; clear roles and someone to hold to account; and robust performance and cost data.
- The accountability implications of devolution deals need to be addressed and appropriate and proportionate measures are needed to understand their impact.

*Devolving responsibilities to cities in England: Wave 1 City Deals* (2015)

*Accountability to Parliament for taxpayers’ money* (2016)

*Local Enterprise Partnerships* (2016)

*English devolution deals* (2016)
### Other useful resources

#### Reform, transformation and innovation
- The LGA published *A Guide to Whole Place Community Budgets* in 2014. This was intended to help other parts of the country adopt the approach to public service reform that had been piloted in Essex, Greater Manchester, West Cheshire and the London Tri-borough.
- The LGA has also published a set of webpages on transformation and a searchable database of Innovative Councils case studies.

#### Devolution
- The LGA has set up a DevoNext resources hub.
- The Institute for Government published *Making devolution deals work* in January 2016. This aims to help guide decision-makers to consider what powers to devolve, and how to devolve them.
- The Centre for Public Scrutiny published *Cards on the table: English devolution and governance* in May 2016. This considers governance and accountability issues.

#### Demand management
- The RSA published *Managing Demand: Building Future Public Services* in 2014.
- The Leadership Centre and Collaborate published *Demand Management and Behaviour Change* in 2015, which includes a long list of local examples.
- The LGA has published a new resource on demand management.

#### Sharing learning
- The Institute for Government carried out research to find out how people working in local areas learn from each other. Its findings are set out in *Local Public Service Reform: supporting learning to integrate services and improve outcomes* published in August 2016.
- The Public Service Transformation Academy maintains the website set up by PSTN to share the learning from the places it supported to reform local public services.