

Local public service reform

NAO insight report and resource guide

September 2016



National Audit Office



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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Introduction: why local public service reform is needed

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Financial
sustainability
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Financial
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Demand
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Council
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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.

Introduction: why local public service reform is needed

Financial sustainability of councils

Financial sustainability of NHS bodies

Financial sustainability of police forces

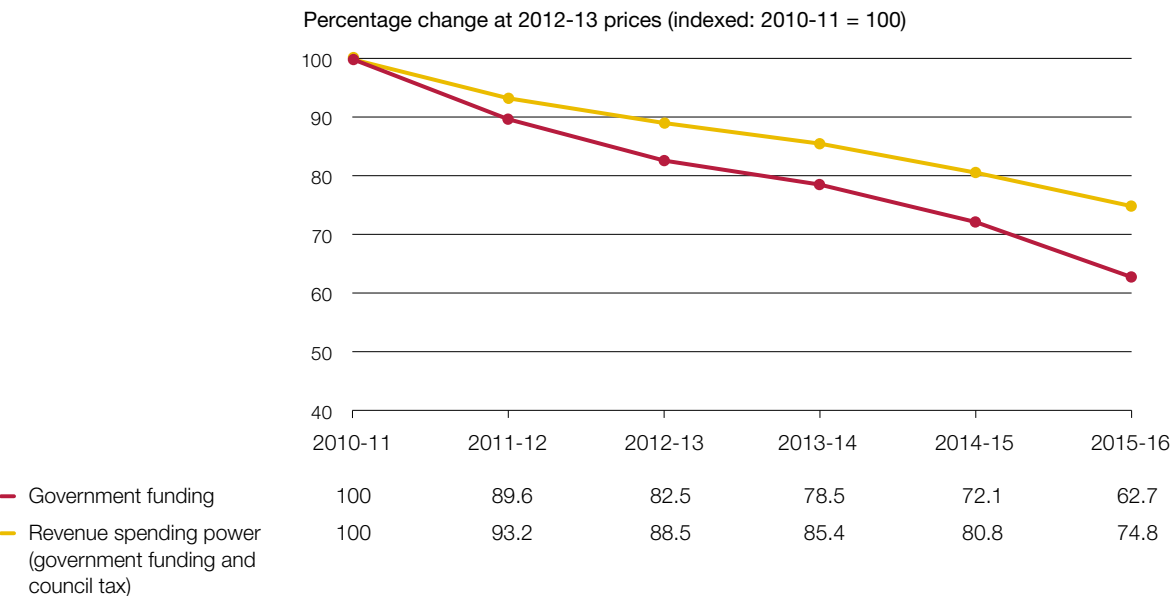
Demand pressures on local public services

Council strategies for responding to funding and demand pressures

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



Note
1 Spending power includes both the core funding local authorities receive from central government and the council tax income they raise themselves.

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

“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.”

Comptroller and Auditor General, [Financial sustainability of local authorities 2014, Session 2014-15](#), HC 783, National Audit Office, November 2014



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

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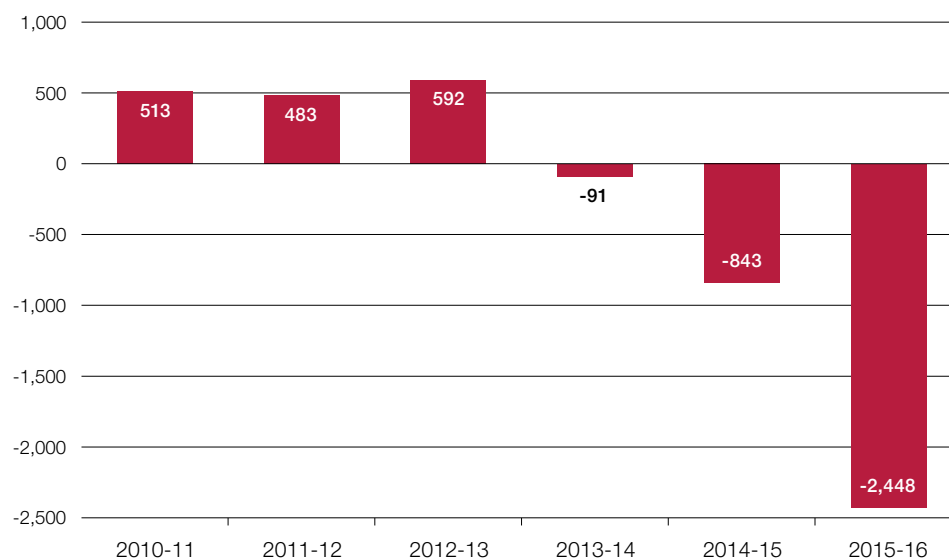
Council
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Financial sustainability of NHS bodies

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

“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.”

Comptroller and Auditor General, [Sustainability and financial performance of acute hospital trusts](#), Session 2015-16, HC 611, National Audit Office, December 2015



£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



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Introduction: why local public service reform is needed

Financial sustainability of councils

Financial sustainability of NHS bodies

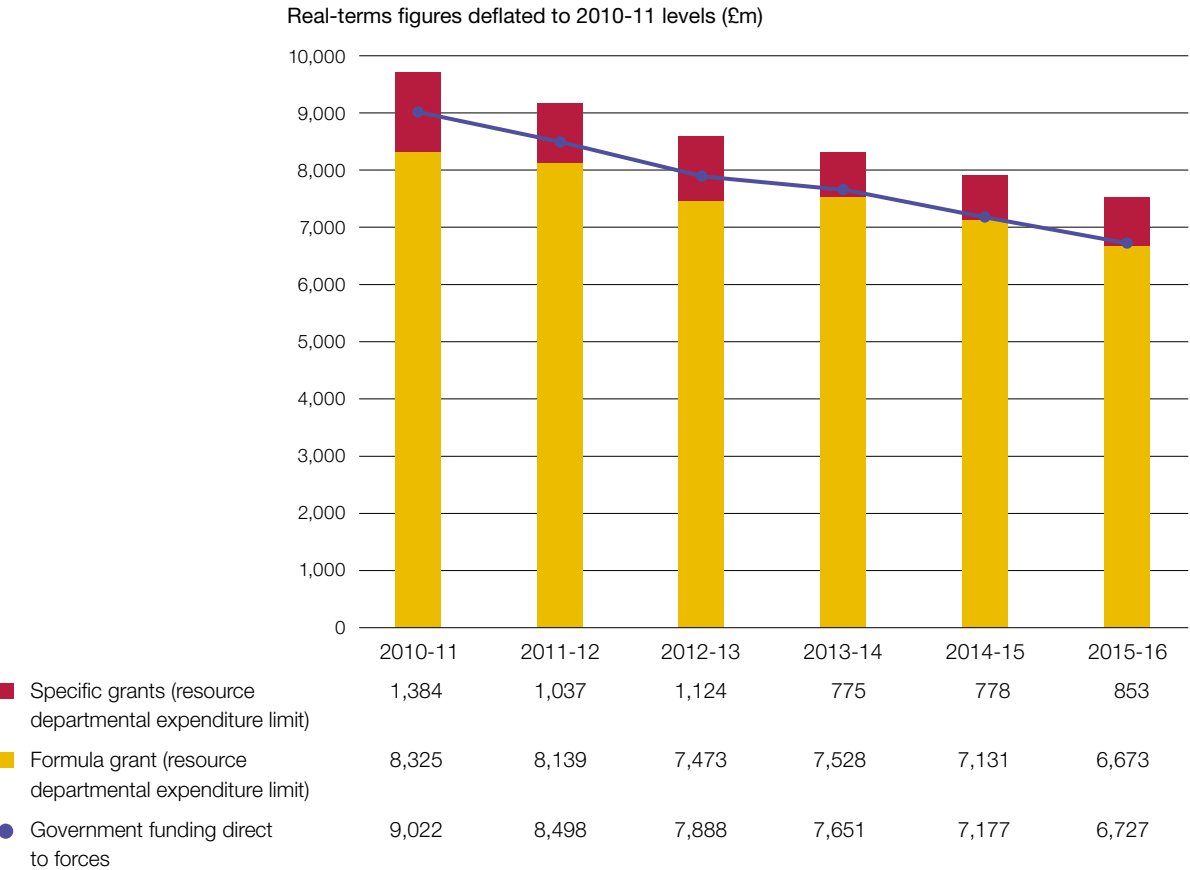
Financial sustainability of police forces

Demand pressures on local public services

Council strategies for responding to funding and demand pressures

Financial sustainability of police forces

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



Source: National Audit Office analysis of Home Office data and the Police Grant Report (England and Wales) 2015-16, written statement, February 2015

“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

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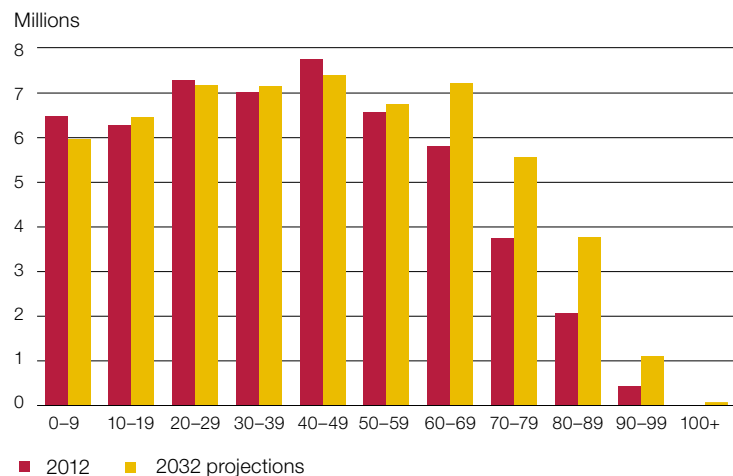
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Demand pressures on local public services

Population projections

The population is ageing, putting pressure on local authorities' social care services

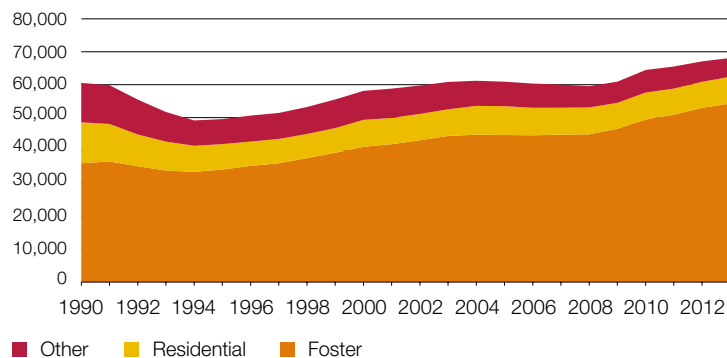


Source: Office for National Statistics 2012-based population projections for England

The number of children in care, 1990 to 2013

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

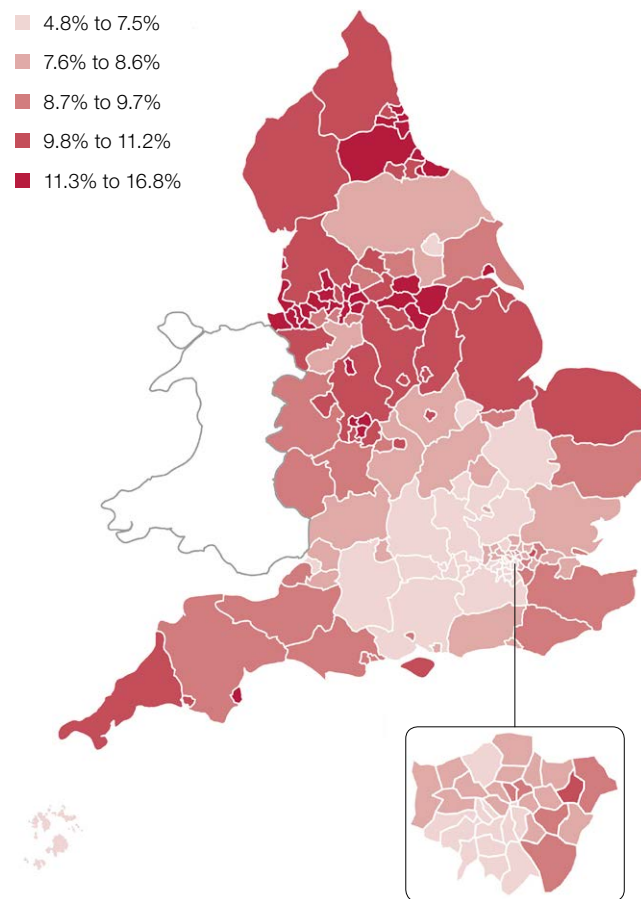
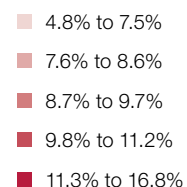
Number of children in care on 31 March



Source: Department for Education

The proportion of adults with major limitations on their day-to-day activities varies by region

Need is highest in the North East and North West



Note

1 Adults aged 16 or over.

Source: National Audit Office analysis of Office for National Statistics 2011 census data

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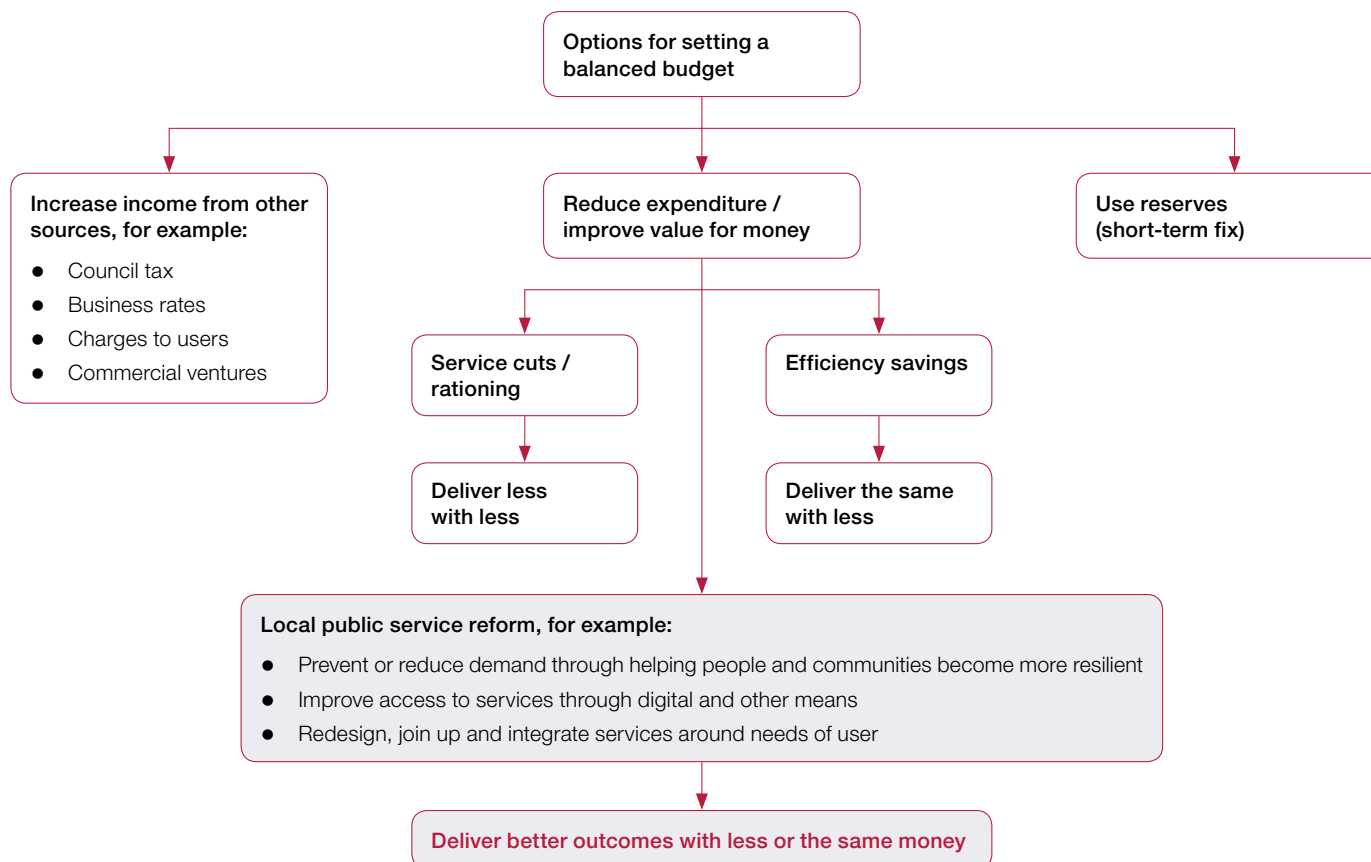
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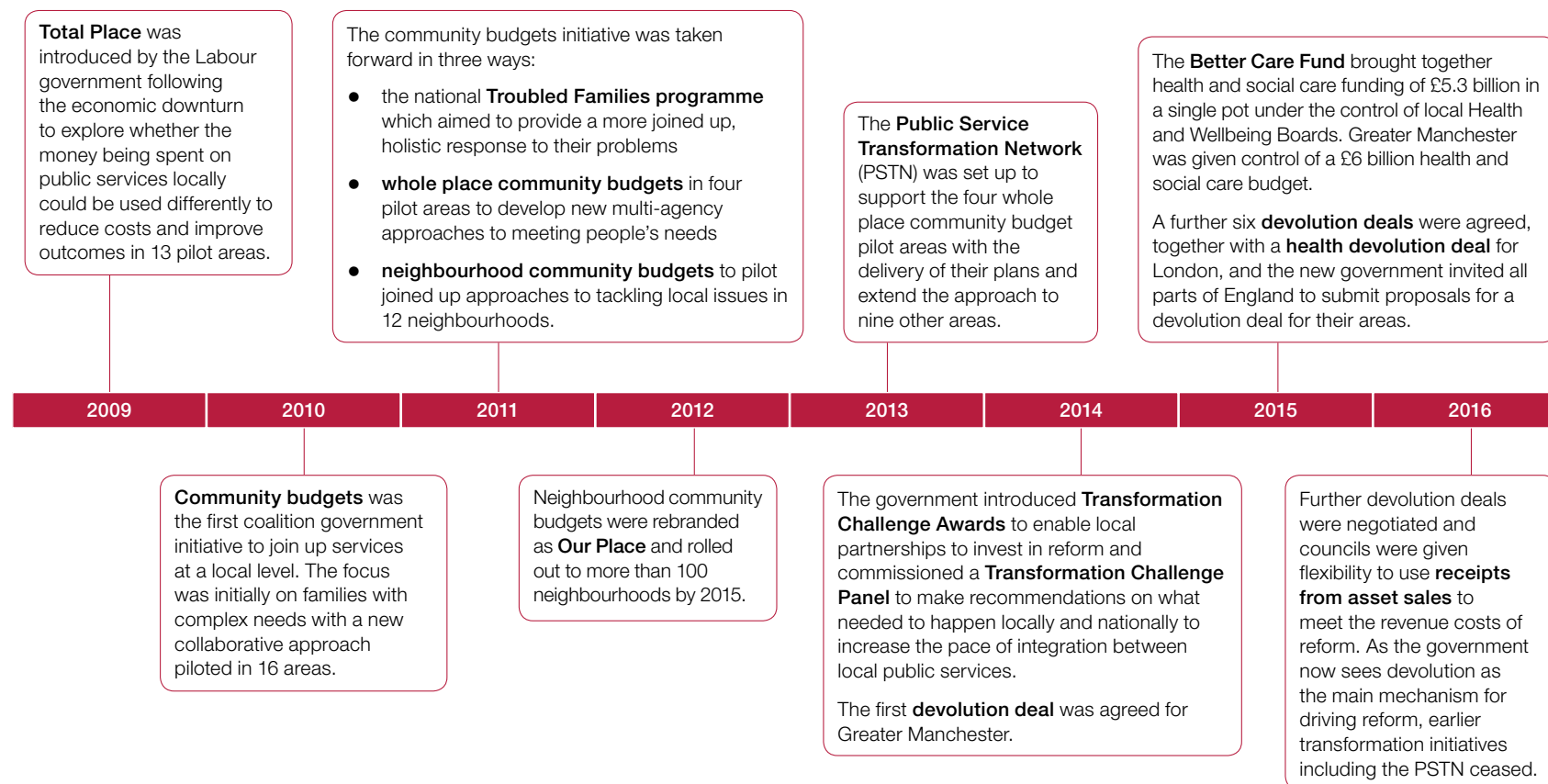
Council strategies for responding to funding and demand pressures

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.



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.



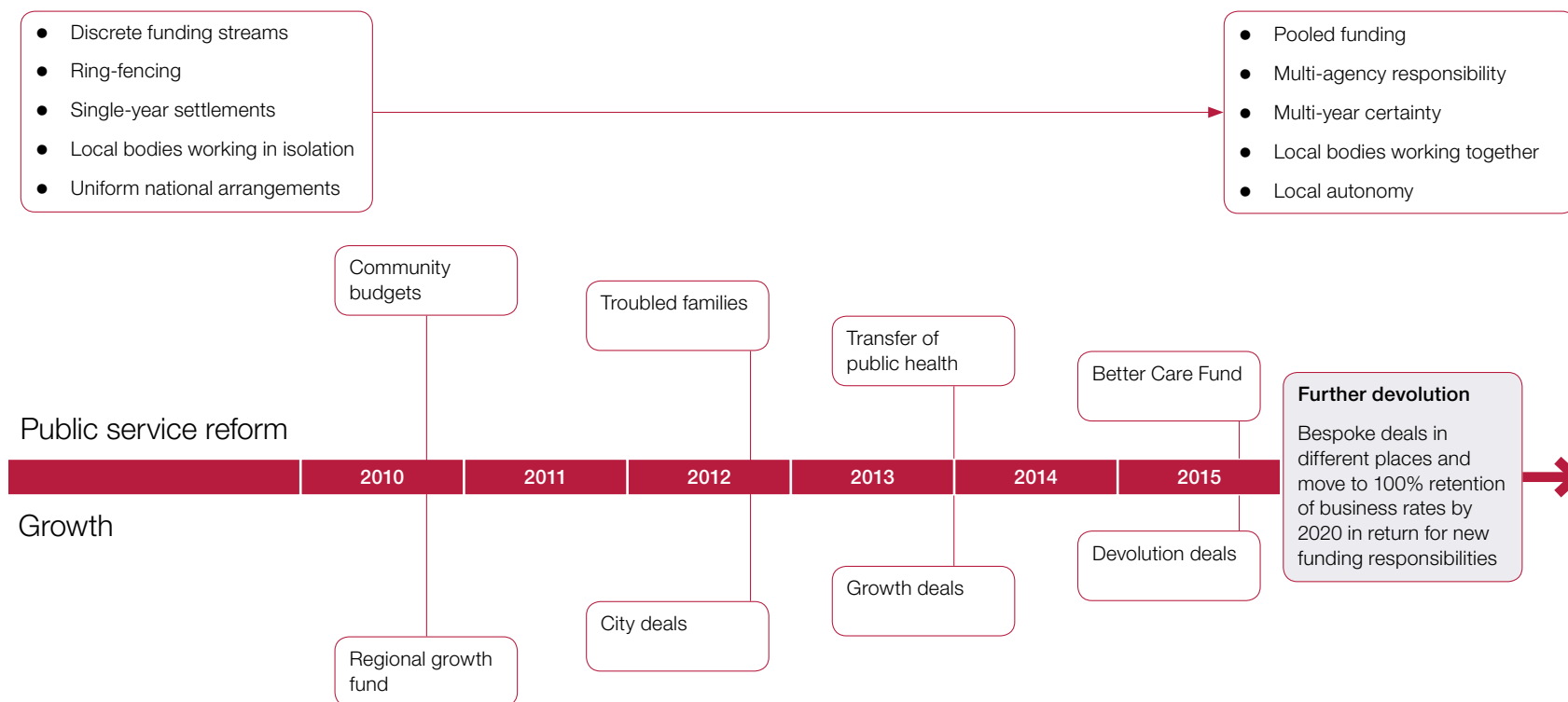
How the
government
is supporting
local public
service reform

The journey towards greater devolution

Devolution
versus
national
programmes
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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.



How the
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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.

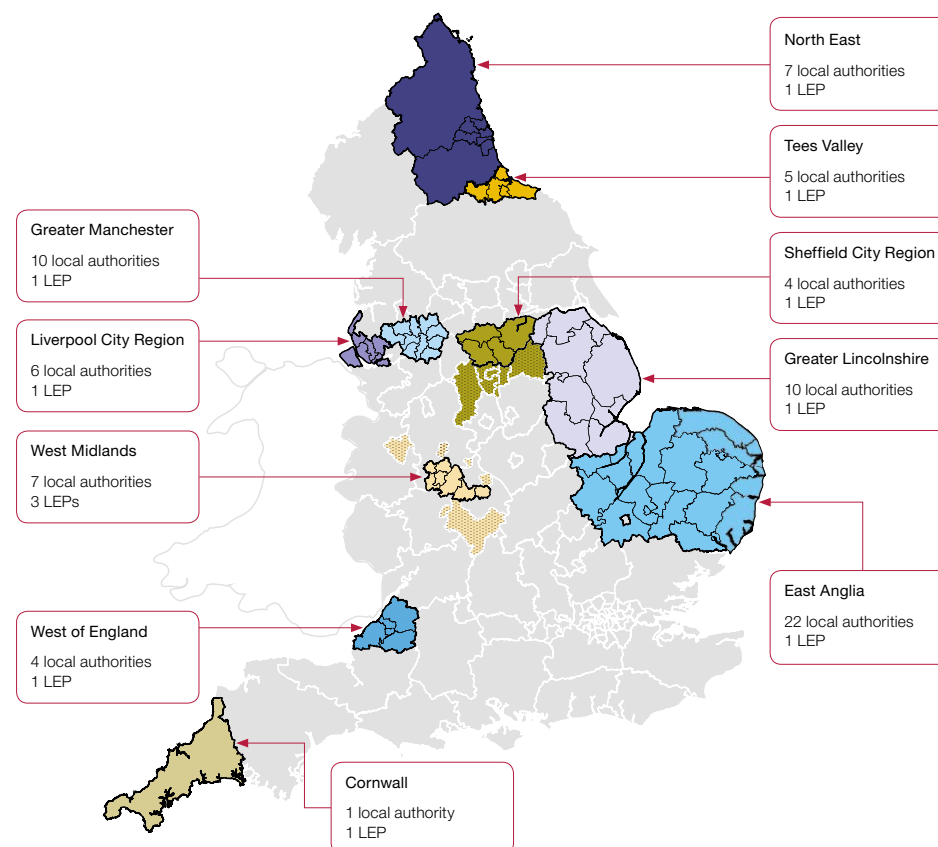
National programmes (May 2016)

- 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

Transfer of
funding
→

Devolution deals (May 2016)



 Non-constituent member

How councils are pursuing local public service reform

Examples of local public service reform – whole place community budget pilot areas

Examples of local public service reform – other case study areas

Financial impact of local public service reform



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.

How councils
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Examples of
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whole place
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Examples of
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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.

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.

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.

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.



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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.



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Financial
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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.

How councils are pursuing local public service reform

Examples of local public service reform – whole place community budget pilot areas

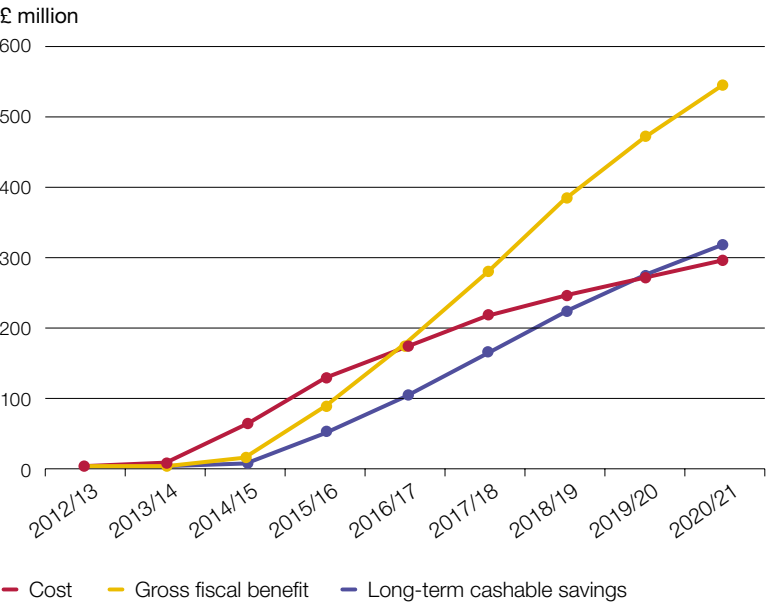
Examples of local public service reform – other case study areas

Financial impact of local public service reform

Projected financial impact of local public service reform

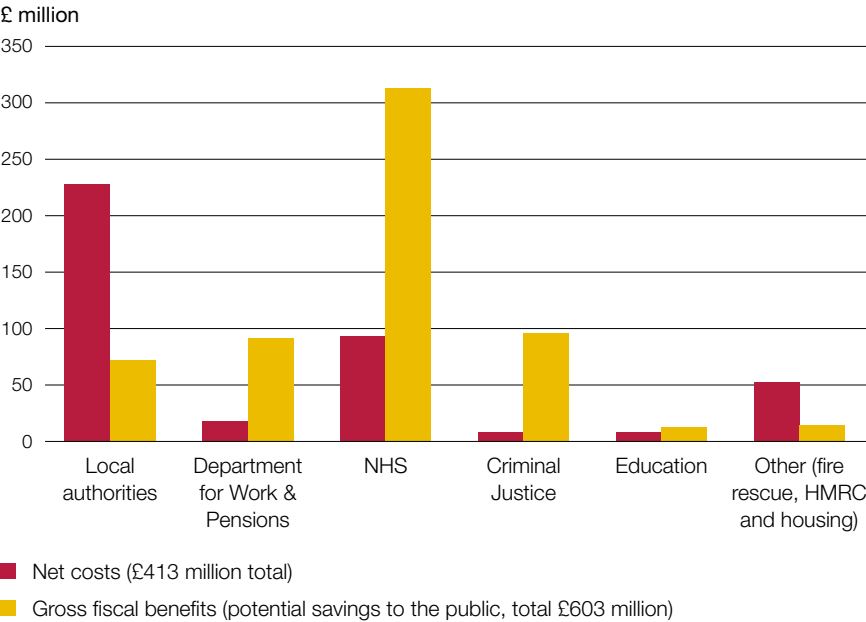
Based on cost benefit analysis of 33 projects in 13 places, the Public Service Transformation Network (PSTN) predicted that, by 2020, **£1.1 billion** of benefits to the wider economy could be made. This included £603 million fiscal benefits to the public sector through lower costs and reduced demand,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

Cost and benefits of 33 local reform projects



Source: PSTN analysis of 33 ex-ante Cost Benefit Analyses (from 13 places working with PSTN) – New Economy, Manchester

How costs and benefits are shared across the public sector



Source: PSTN analysis of 33 ex-ante Cost Benefit Analyses (from 13 places working with PSTN) – New Economy, Manchester

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

Knowing what works

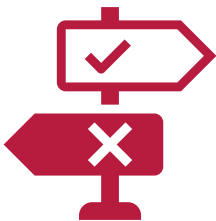
Sharing information

Securing funding to invest in reform

Having the right incentives to work together

Building strong relationships

Enablers and barriers: issues to consider



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.

	Enabler	Barrier
Knowing what works	A better understanding of what does and does not work helps local areas know where to concentrate their efforts and avoid repeating the mistakes of others.	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.
Sharing information	Better information sharing enables local areas to identify people who need support; provide a more coordinated response to their needs; and deliver services more efficiently.	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.
Securing funding to invest in reform	Greater control of, and easier access to, funding that is targeted where it will have most impact will help local partners invest in reform and align resources with local priorities.	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.
Having the right incentives to work together	Having shared objectives and shared responsibility for ensuring public money is used wisely to achieve the best outcomes for local people incentivises local partners to collaborate.	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.
Building strong relationships	Success is more likely where local leaders invest in building strong, trusting relationships with their communities, central government and each other.	Reform is harder to achieve where relationships are characterised by mistrust, blame and suspicion of each other's agenda.

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.

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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.



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Knowing what works: the role of What Works Centres

What Works Centre	Policy area	What it does
National Institute for Health and Care Excellence (NICE)	Health and social care	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.
Sutton Trust/ Educational Endowment Foundation	Educational achievement	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.
College of Policing What Works Centre for Crime Reduction	Crime reduction	Became a What Works Centre in 2013 and reviews evidence on practices and interventions to reduce crime.
Early Intervention Foundation	Early intervention	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.
What Works Centre for Local Economic Growth	Local economic growth	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.
Centre for Ageing Better	Improved quality of life for older people	Established in 2014, it identifies, generates and applies evidence that can help everybody enjoy a good later life.
What Works Centre for Wellbeing	Wellbeing	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.



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The enablers of, and barriers, to reform

Knowing what works

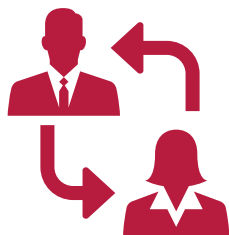
Sharing information

Securing funding to invest in reform

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Enablers and barriers: issues to consider



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.

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Sharing information: other resources

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.



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



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.

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Examples of government funding to support reform

Department	Funding	Purpose	Amount	Allocation process
Communities and local government (CLG)	Troubled Families	To turn around the lives of 400,000 families	£720m over 4 years	Payment per family supported and outcome achieved
	Domestic abuse	To support victims of domestic abuse	£40m over 4 years	Not yet announced
	Homelessness prevention	To prevent people becoming homeless	£315m over 4 years	By formula
CLG / Health	Improved Better Care Fund	Additional funding to improve and integrate health and social care support for adults	£105m in 2017-18 £825m in 2018-19 £1.5bn in 2019-20	By formula
Education	Children's social care innovation	To fund new projects or scale up existing ones	Nearly £200m over 4 years	Bidding process
Home Office	Ending violence against women and girls	To support innovation and improved local approaches to multi-agency working	£80m over 4 years	Not yet announced
Cabinet Office	One Public Estate	To get better use from public sector assets	Up to £500,000 per partnership	Bidding process
	Life Chances Fund	To help people who face the most significant barriers to leading happy and productive lives	£80m to contribute to outcome payments for payment by results contracts	Bidding process



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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.

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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.



9/12



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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.

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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.

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strong
relationships

**Enablers
and barriers:
issues to
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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 police forces in England & Wales (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)

Briefing – Lessons for Major Service Transformation (2015)

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.