



National Audit Office

Memorandum

for the House of Commons
Committee of Public Accounts

Department for Communities and Local Government

The Troubled Families programme: update

OCTOBER 2016

Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

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.



National Audit Office

Department for Communities and Local Government

The Troubled Families programme: update

Memorandum

for the House of Commons Committee of Public Accounts

October 2016

To meet the Prime Minister's commitment to turn around the lives of 120,000 troubled families, the government established the cross-departmental Troubled Families programme led by the Department for Communities and Local Government in the autumn of 2011. The Department set up a national Troubled Families team to design and oversee the programme.

© National Audit Office 2016

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact copyright@nao.gsi.gov.uk. Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

Contents

Introduction 4

Part One

The Troubled Families programme 5

Part Two

Previous reports published by the
National Audit Office and the Committee
of Public Accounts 23

The National Audit Office study team consisted of:
Simon Lowe, Judith Sharples and Matthew Wilkins, under the direction of Aileen Murphie.

This report can be found on the National Audit Office website at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157–197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Enquiries: www.nao.org.uk/contact-us

Website: www.nao.org.uk

Twitter: @NAOorguk

Introduction

Aim and scope of this briefing

1 The purpose of this report is to provide a factual update to support the Committee of Public Accounts' evidence session on the government's Troubled Families programme on 19 October 2016.

2 The report is based primarily on published sources, information supplied by the Department for Communities and Local Government (the Department) and previous reports published by the National Audit Office (NAO).

Part One is an overview of:

- why the Troubled Families programme was set up;
- how it has operated and evolved since 2012;
- the results it has achieved; and
- how the Department evaluates its impact.

Part Two gives details of:

- the findings of previous reports published by the NAO and the Committee of Public Accounts (the Committee) that relate to the Troubled Families programme; and
- how the government has responded to the recommendations of the Committee in its report *Programmes to help families facing multiple challenges* which it published in April 2014.¹ The Committee's report covers both the Troubled Families programme led by the Department for Communities and Local Government and the Families with Multiple Problems programme led by the Department for Work & Pensions.

¹ HC Committee of Public Accounts, *Programmes to help families facing multiple challenges*, Fifty-first Report of Session 2013-14, HC 668, April 2014. Available at: www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/668/668.pdf

Part One

The Troubled Families programme

1.1 This part of the report describes the rationale for the Troubled Families programme, the model for delivering and funding it, and how the Department for Communities and Local Government (the Department) measures and evaluates its impact. It also outlines key events and developments relating to the programme (**Figure 1** overleaf).

Phase one (April 2012 to May 2015)

1.2 In August 2011, following riots in some parts of England, the then Prime Minister announced a commitment to ‘turn around’ the lives of the 120,000 most troubled families in England by 2015. The government defined ‘troubled families’ as those with problems including youth offending, antisocial behaviour, absence from school and unemployment (**Figure 2** on page 7).

1.3 The government estimated that the cost of these families to the public purse was approximately £9 billion a year, with £8 billion spent reacting to their problems rather than solving them. It estimated that up to £2.9 billion per year could be saved by investing in effective proactive and preventative interventions that helped to transform their lives.²

Establishment of the Troubled Families programme

1.4 To meet the Prime Minister’s commitment, the government established the cross-departmental Troubled Families programme led by the Department for Communities and Local Government (the Department) in the autumn of 2011. The Department set up a national Troubled Families team to design and oversee the programme.

² Comptroller and Auditor General, *Programmes to help families facing multiple challenges*, Session 2013-14, HC 878, National Audit Office, December 2013, paragraph 1.8. Available at: www.nao.org.uk/report/programmes-help-families-facing-multiple-challenges-2/

Figure 1

Troubled Families programme: key events

2011	Aug	Prime Minister made a commitment to 'turn around' 120,000 of England's most troubled families
	Oct	Dame Louise Casey CB, appointed Head of Troubled Families Programme
	Dec	£448 million pledged from six departments to fund programme
2012	Mar	DCLG publishes Troubled Families financial framework, with funding of up to £4,000 per family
	Apr	Delivery of phase one of the programme officially begins
	Jul	DCLG publishes <i>Listening to Troubled Families</i>
	Oct	DCLG announces that local authorities commit to working with 41,835 families by March 2013
	Dec	DCLG publishes <i>Working with Troubled Families: A guide to the evidence and good practice</i>
2013	Jan	DCLG publishes <i>The Cost of Troubled Families</i>
	Mar	DCLG announces that a consortium led by Ecorys will complete an independent evaluation of the programme and will produce regular interim reports
	Jun	HM Treasury announces extension of the programme to help an additional 400,000 families
	Sep	DCLG announces that 14,000 families have been 'turned around'
	Dec	NAO publishes <i>Programmes to help families with multiple challenges</i>
2014	Apr	The Committee of Public Accounts publishes its report on <i>Programmes to help families facing multiple challenges</i>
	May	DCLG announces that 40,000 families have been 'turned around'
	Jun	Government publishes its response to the Committee of Public Accounts' recommendations
	Jul	DCLG publishes <i>Understanding Troubled Families</i>
	Dec	DCLG announces that 85,000 families had been turned around and 99% of 120,000 identified troubled families were being actively worked with
2015	Mar	Financial framework for the expanded Troubled Families programme announced with up to £1,800 available for each family DCLG publishes <i>Benefits of Troubled Families programme to the taxpayer</i>
	Apr	Delivery of phase two of programme officially begins
	Jun	DCLG publishes final data for phase one and claims 116,000 families 'turned around' Prime Minister establishes a taskforce for troubled families
	Sep	The Committee of Public Accounts announces an inquiry into the Troubled Families programme
2016	Sep	The Committee of Public Accounts announces an inquiry into the Troubled Families programme

Source: National Audit Office analysis of the history of the Troubled Families programme

Figure 2

Definition of 'troubled families'

Troubled families were defined as:

1 Households meeting all of the following criteria:

- one or more under 18-year-old has committed a proven offence or a member of the household has been involved in antisocial behaviour in the last 12 months;
- a child has been excluded from school or has had a high level of unauthorised absences; and
- an adult is on out of work benefits.

2 Households meeting two of the above criteria and who are a cause for concern because they:

- cause high costs to the public purse: or
- have priority health problems.

Source: The Troubled Families Programme: Financial framework for the Troubled Families programme's payment-by-results scheme for local authorities, Department for Communities and Local Government, 2012

Supporting evidence for the programme

Evidence relating to the number of troubled families

1.5 The figure of 120,000 'troubled families' was based on analysis which estimated that around 2 per cent of families with children in Britain experienced five or more out of seven disadvantages (**Figure 3**). Although these disadvantages did not include youth offending, antisocial behaviour or non-attendance at school, the government used this analysis to estimate that there were around 117,000 troubled families in England (rounded up to 120,000 when the Prime Minister made his commitment).

Figure 3

Definition of families with multiple disadvantages

Families experiencing five or more of the following disadvantages:

- no parent in the family is in work;
- family lives in poor quality or overcrowded housing;
- no parent has any qualifications;
- mother has mental health problems;
- at least one parent has a long-standing limiting illness, disability or infirmity;
- family has low income (below 60% of the median); and
- family cannot afford a number of food and clothing items.

Source: Social Exclusion Taskforce analysis in 2007 using data from the Families and Children Study (an annual survey of a sample of 7,000 families) from 2001 to 2004

Evidence from previous initiatives

1.6 The Troubled Families programme was based on a number of previous initiatives designed to help families with multiple problems, including:

- the **Dundee Families Project** which was set up in 1995 by Action for Children Scotland;
- **53 family intervention projects** set up in England from 2007 onwards as part of the Labour government's strategy for tackling antisocial behaviour;
- a '**community budget**' programme introduced by the Coalition government following the 2010 Spending Review in which 16 local authority areas piloted new ways of working with families with multiple problems, with the aim of improving outcomes and reducing costs to welfare and other public services.

1.7 According to a report published by the Department in 2012, evaluations of previous initiatives provided 'compelling evidence' that the Troubled Families programme would work.³ Examples cited in the report include:

- an evaluation of the Dundee project which concluded that it had, in most cases, achieved immediate positive results with some of the country's most vulnerable and troubled families;
- an evaluation of six similar projects in the north of England which showed evidence of success for more than eight out of 10 families who had been supported;
- analysis of data from 2007 to 2012 relating to families receiving family intervention which showed reductions in a wide range of family problems that went beyond the antisocial behaviour and risk of eviction that the original projects were set up to address; and
- an impact assessment in 2011 which compared outcomes for families receiving family intervention with those of a similar group that did not. It found those who had received support were twice as likely to reduce their antisocial behaviour as those that had not.

1.8 The report also sets out the limitations of some of the evidence it cites:

- the lack of control or comparison groups in many studies makes it difficult to establish the extent to which improvements are due to the intervention or would have happened anyway;
- many evaluations have depended on individual project or worker assessments of outcomes, rather than more objective external data sources; and
- many studies are based on qualitative interviews and case studies with small numbers of families and so the evidence may not be representative of all troubled families.

³ Department for Communities and Local Government, *Working with Troubled Families: A guide to the evidence and good practice*, December 2012. Available at: www.gov.uk/government/publications/working-with-troubled-families-a-guide-to-evidence-and-good-practice

Evidence from listening to troubled families

1.9 The Department also published a report in 2012 based on interviews Dame Louise Casey, CB conducted with 16 families who were receiving support through Family Intervention Projects.^{4,5} The purpose of the interviews was to get a better understanding of the problems these families faced, their histories and what the real challenge of ‘turning around’ thousands of other families in similar circumstances nationwide would entail.

1.10 The report concludes that the traditional approach of services reaching individual family members, at crisis point or afterwards, and trying to fix single issues such as ‘drug use’, ‘non-attendance at school’ or ‘domestic violence’ is most often destined to fail. Instead, services that work with troubled families need to understand the linked and reinforcing nature of the problems these families experience and help them function better as a family.

Evidence on the cost of supporting troubled families

1.11 In a report published in 2013, the Department gave examples of analysis carried out by 16 local authorities to get a better understanding of how much public money in total was being spent on troubled families in their area.⁶ This analysis aimed to identify the savings that might be achieved by working in new ways with these families. The purpose of the report was to demonstrate that there is a compelling financial case for the programme and to encourage all local areas (local authorities, police, health service and others) to carry out similar analyses.

Delivery of the Troubled Families programme

1.12 At a local level, the 152 upper-tier local authorities in England were given lead responsibility for working with and ‘turning around’ the 120,000 troubled families, with the programme formally starting in April 2012. The Department calculated an indicative number of ‘troubled families’ in each local authority area.⁷ It expected councils to identify and ‘turn around’ this number of families in order for the government to meet its overall target.⁸ The Department encouraged councils to work with more families than the indicative number in case they did not succeed in turning around every family they worked with.

1.13 The Department did not prescribe how councils should work with troubled families but encouraged them to work in partnership with other local agencies and to adopt the good practice and key features of earlier family intervention projects. This included having a dedicated key worker to work with each family who would assess the needs and problems of the whole family, provide practical ‘hands-on’ support and challenge and liaise with other services to ensure support was coordinated.

4 Department for Communities and Local Government, *Listening to Troubled Families*, July 2012. Available at: www.gov.uk/government/publications/listening-to-troubled-families

5 Dame Louise Casey, CB was the lead civil servant for the Troubled Families programme from 2011 to 2015.

6 Department for Communities and Local Government, *The Cost of Troubled Families*, January 2013. Available at: www.gov.uk/government/publications/the-cost-of-troubled-families

7 To calculate this indicative number, the Department used indices of deprivation and child wellbeing as proxy measures.

8 The total number of families it asked councils to work with was 117,910.

Funding arrangements

1.14 The government set a budget of £448 million for phase one of the programme. DCLG provided 39% of the central government funding, with five other departments (Department for Work & Pensions, Ministry of Justice, Department for Education, Home Office and Department of Health) providing the rest. Part of this budget (£51 million) was used to fund a Troubled Families coordinator in each local authority who was responsible for overseeing the delivery of the programme locally.

1.15 To provide an incentive for councils to take part in the programme, most of the funding (up to £400 million) was allocated to them based on the number of families they worked with and the results they achieved. Councils were able to claim funding of up to £4,000 per family, as a contribution to the cost of 'turning around' 100,000 families. The Department estimated that other government-funded programmes would be able to turn around the lives of a further 20,000 families although councils were asked to provide evidence of the outcomes achieved for these families as well.

Payment mechanism

1.16 Part of the £4,000 was paid up front as an 'attachment fee' for each family meeting the eligibility criteria for the programme (as set out in Figure 2) with whom the local authority worked. The up-front 'attachment fee' made up 80% of the total payment in 2012-13, 60% in 2013-14 and 40% in 2014-15. This reflected the higher, initial set-up costs. Councils could claim the remaining payment as a reward for each family eligible for the programme who met the criteria set out in **Figure 4**. If either the first or the third of these criteria were met at the time the claim was made, the Department deemed the family to have been 'turned around'. There was, however, no reporting requirement on local authorities to demonstrate that improvement was sustained for a longer period of time.

1.17 The Department estimated that the average unit cost of intensive interventions known to work with families with multiple problems was around £10,000.⁹ This meant that the total cost of 'turning around' the 100,000 troubled families who were not being supported by other government-funded programmes would be around £1 billion. It therefore expected local authorities and other local public bodies to contribute the equivalent of £600 million of their own new or existing resources to supplement the £400 million available from central government in the form of attachment fees and reward payments. The Department did not have the power to enforce this and did not quantify the extent to which central government funding was supplemented by local resources.

⁹ Comptroller and Auditor General, *Programmes to help families facing multiple challenges*, Session 2013-14, HC 878, National Audit Office, December 2013, paragraph 2.16. Available at: www.nao.org.uk/report/programmes-help-families-facing-multiple-challenges-2/

Figure 4

Payment by results model

	2012-13 (£)	2013-14 (£)	2014-15 (£)
Attachment fee for each eligible family that the local authority worked with.	3,200	2,400	1,600
Maximum reward payment payable for each eligible family meeting criteria 1 and 2 or criterion 3 below (the lower amount below was payable where either criterion 1 or 2 was met).	800	1,600	2,400
1 All three of the education, antisocial behaviour and crime measures below are achieved where relevant:	700	1,400	2,100
<ul style="list-style-type: none"> • each child has had fewer than three exclusions and less than 15% unauthorised absence in last three school terms; • antisocial behaviour across the family has reduced by 60% in the last six months; and • youth offending has fallen by a third in the last six months. 			
2 An adult achieves 'progress to work' (one adult in the family has either volunteered for the Work Programme or been attached to the DWP programme for families with multiple problems in the last six months).	100	200	300
Or			
3 At least one adult in the family has moved off out-of-work benefits into continuous employment in the last six months (a period of 13 or 26 weeks depending on the benefits that were paid when the adult was not working).	800	1,600	2,400
Maximum payment per family	4,000	4,000	4,000

Source: The Troubled Families Programme: Financial framework for the Troubled Families programme's payment-by-results scheme for local authorities, Department for Communities and Local Government, 2012

Verification of results

1.18 The Department made payments to local authorities based on their self-declaration of the number of eligible families they would work with and the results they achieved. The Department's guidance stated that claims should be approved within the authority's internal audit arrangements and under the authority of the chief executive. The Department also carried out at least one spot check in each local authority during the three years that the programme ran. This involved checking a minimum of 10% of the claims made by the local authority during the claim period in which the spot check was carried out. The Department reviewed each claim in the sample against the financial framework to ensure that the families were eligible for the programme and that the result claimed was valid.

1.19 The Department checked 2,367 claims in total and found 115 of these claims to be invalid. Where it identified errors, it asked councils to review their claims to check that there were no further errors. This review process led to a further 214 invalid claims being identified. Where payments had been made in respect of invalid claims, the Department asked councils to pay the money back.

Final data on results

1.20 In June 2015, the Department published final data for each council on:

- the number of families they had worked with by December 2014; and
- the number meeting the criteria for reward payments by May 2015.

According to this data, which was based on councils' approved claims for attachment fees and reward payments, all councils had worked with the number of families the Department had asked them to identify (117,910 families in total). Councils might have worked with a higher number of families but the Department did not collect information on how many extra families councils had worked with or on the number they had failed to 'turn around'.

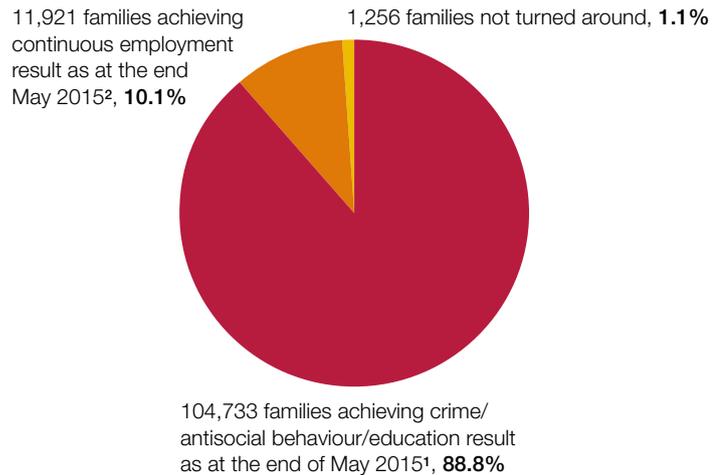
1.21 The data showed that a total of 116,654 families eligible for the programme had met the criterion relating to reduced crime, antisocial behaviour and school non-attendance or the criterion of one adult in the household moving off out of work benefits and into continuous employment (**Figure 5**). On this basis, the Department claimed that the programme had succeeded in turning around nearly all of the troubled families the Prime Minister had committed to help.

Figure 5

Outcomes achieved under phase one of the programme

By the end of May 2015 98.9% of families were 'turned around'

Outcomes achieved for the targeted number of families (117,910)



Source: National Audit Office analysis of Department for Communities and Local Government, Troubled families programme: progress information at December 2014 and families turned around as at May 2015 published on 22 June 2015

1.22 Most of the families were deemed to be 'turned around' because of reduced youth offending, antisocial behaviour and school non-attendance. Nationally, one in 10 families was deemed to be 'turned around' due to an adult moving into continuous employment. There was variation at a regional level though, with a higher proportion of adults moving to continuous employment in London and the South East than in other parts of the country. (**Figure 6** overleaf).

1.23 Based on these results, the Department paid out a total of £253 million in attachment fees and £125 million in reward payments over the three years of the programme.

Figure 6

Outcomes of phase one by region

Region	Target number of families to be turned around	Percentage of families achieving crime/antisocial behaviour/ education result (%)	Percentage of families achieving continuous employment result (%)	Total percentage of families turned around (%)
North East	7,285	92.8	7.2	100.0
East	7,310	91.4	8.6	100.0
London	21,488	85.8	14.0	99.8
South East	15,355	85.0	14.5	99.5
East Midlands	9,345	88.5	11.0	99.5
Yorkshire and the Humber	14,010	89.8	8.7	98.5
West Midlands	13,960	88.8	9.2	98.0
South West	9,772	91.5	6.5	97.9
North West	19,385	90.9	7.0	97.9
Total	117,910	88.8	10.1	98.9

Source: National Audit Office analysis of Department for Communities and Local Government, Troubled families programme: progress information at December 2014 and families turned around as at May 2015 published on 22 Jun 2015

Evaluation of phase one

1.24 The Department commissioned a consortium of organisations led by Ecorys to evaluate phase one of the programme. The evaluation aimed to assess the impact of the programme, whether it was cost-effective and how the programme was implemented. It had six strands (**Figure 7**).

1.25 In December 2013, we reported that the Department expected to receive its initial evaluation findings in early 2014.¹⁰ In June 2015, we reported that it planned to publish the results of the evaluation in late 2015.¹¹ However, in September 2016, the Department informed us that the complex nature of the evaluation and methodological and data quality issues had led to delays. These issues have now been resolved and it aims to publish the evaluation report before the Committee's evidence session.

10 Comptroller and Auditor General, *Programmes to help families facing multiple challenges*, Session 2013-14, HC 878, National Audit Office, December 2013, paragraph 3.26. Available at: www.nao.org.uk/report/programmes-help-families-facing-multiple-challenges-2/

11 Comptroller and Auditor General, *Outcome-based payment schemes: government's use of payment by results*, Session 2015-16, HC 86, National Audit Office, June 2015, paragraph 4.16. Available at: www.nao.org.uk/press-release/outcome-based-payment-schemes-governments-use-of-payment-by-results-2/

Figure 7

Evaluation of phase one of the programme

Type of evaluation	Strand	Lead contractor	What it measured	Published output	Output due to be published
Process	Process evaluation	Clarissa White Research & Ecorys	Detailed understanding of how the programme generated system-change within local authorities through interviews and focus groups in 20+ case study areas.		✓
	Family experiences	Ecorys	Detailed descriptive understanding of how the programme has helped families, in their own words, through qualitative interviews with 20 families, following their journey through the programme.		✓
Impact and economic evaluation	Family survey	Bryson Purdon Social Research & Ipsos MORI	Quantitative survey of the circumstances of families starting on the programme compared with families 12 months into the programme.		✓
	Family Monitoring Data	Ecorys	Descriptions of families' characteristics and problems and how these change over time.	<i>Understanding Troubled Families</i> July 2014	✓ (update)
	National Impact Study	NIESR	Quantitative net impact of the programme on individuals using data in national databases (for example, the Police National Computer, National Pupil Database) relative to comparison group of families.		✓
In-house	Cost Savings Calculator	Ecorys/DCLG	Development of bespoke cost-saving calculator for areas to show the cost savings made in respect of families on the programme.	<i>Benefits of the Troubled Families Programme to the Taxpayer</i> March 2015	Further analysis based on 66 authorities may lead to a published output

Source: National Audit Office analysis of internal departmental document

1.26 Although the Department has not yet published the final results of the evaluation it has published two interim reports. These are summarised below.

Understanding Troubled Families (July 2014)

1.27 This report describes the characteristics of families who entered the Troubled Families programme up to December 2013 based on the family monitoring data collected as part of the evaluation. All local authorities were asked to randomly select at least 10% of the families they had started to work with and provide information about their profile and problems. The report notes that it is not possible to be certain that the local authorities chose families randomly in all cases and that the findings may be more likely to include families about which local authorities had data. This means the sample described in the report is not necessarily representative of all the families that the programme helped.

1.28 Families in the sample had on average nine problems related to employment, education, crime, child protection, parenting or health on entry to the programme (**Figure 8**).

Figure 8

Characteristics of families receiving help through the programme

Of the 1048 families for which full data were available across every problem:

- **40%** had **three or more children**, compared to 16% nationally.
- **49%** were **lone parent** households, compared to 16% nationally.
- **82%** had a problem related to **education** – such as persistent unauthorised absence, exclusion from school or being out of mainstream education.
- **71%** of families included someone with a **health problem**.
- **54%** were involved in **crime** or **antisocial behaviour**.
- **42%** had had the **police called out** to their address in the previous six months.
- **29%** were experiencing **domestic violence** or **abuse** on entry to the programme.
- **Over a third** (35%) had a child who was either a **child in need**, subject to **child protection** arrangements or where the child had been **taken into care**.
- **One in five** (21%) had been at risk of **eviction** in the previous six months.
- In **nearly three quarters** of families (74%) there was **no one in work** compared to 17% of households nationally.
- In **83%** of families, an adult was receiving an **out-of-work benefit** – compared to around 11% of the population nationally.
- **70%** were living in **social housing** compared to 18% of the population nationally.

Source: Department for Communities and Local Government, *Understanding Troubled Families*, March 2014

1.29 A supplementary report published at the same time provides more information about the family monitoring data on which the findings are based.¹² It reports that useable data were submitted by 133 out of 150 local authority areas but the data returns were of varying quality, some data was submitted after the initial deadline and there were gaps in the data. The report notes that three further rounds of data submissions would provide a cumulative record of families worked with throughout the programme, as well as an opportunity to update records produced with the initial return. Steps would be taken to improve the quality of data collected in subsequent rounds.

Benefits of the Troubled Families programme to the taxpayer (March 2015)

1.30 This report gives examples of savings that have been made, and costs that have been avoided, in different public services, in seven 'exemplar' local authority areas based on data in the Cost Savings Calculator. Two of the seven local authorities provided data for all families they had worked with. The other five provided data for a sample of families, which may not be representative of all the families they supported (**Figure 9**).

1.31 In the seven 'exemplar' local authorities, an average of £26,200 per family had been spent reacting to their problems in the 12 months before they started receiving support from the Troubled Families programme. The average gross saving per family (calculated by comparing the cost of reacting to their problems in the 12 months before and after participation in the Troubled Families programme) was £11,200. The data shows wide variation in the average costs and savings (**Figure 10** overleaf). The report gives several reasons for this variation, including each area's access to data, the size of their sample, their delivery strategy and the types of families included in their sample.

Figure 9

Data recorded on the Cost Savings Calculator (CSC)

Local authorities are required to enter two types of information:

- The cost of delivering the Troubled Families programme compared with the cost of targeted interventions which were delivered to families before the programme was introduced.
- The number of reactive incidents or interventions from a list of 39 relating to crime, education, employment, health, housing and social services that took place in each family in the 12 months before entering the programme and in the 12 months after they had taken part in the programme.

Using the data entered by local authorities and corresponding unit costs for each incident/intervention drawn from the New Economy Unit Costs Database, the CSC calculates the total annual fiscal cost for each family by multiplying the number of interventions and incidents by their associated unit costs.

If the annual fiscal cost after taking part in the programme is lower than the annual cost before taking part, the difference between the two costs is the gross fiscal benefit.

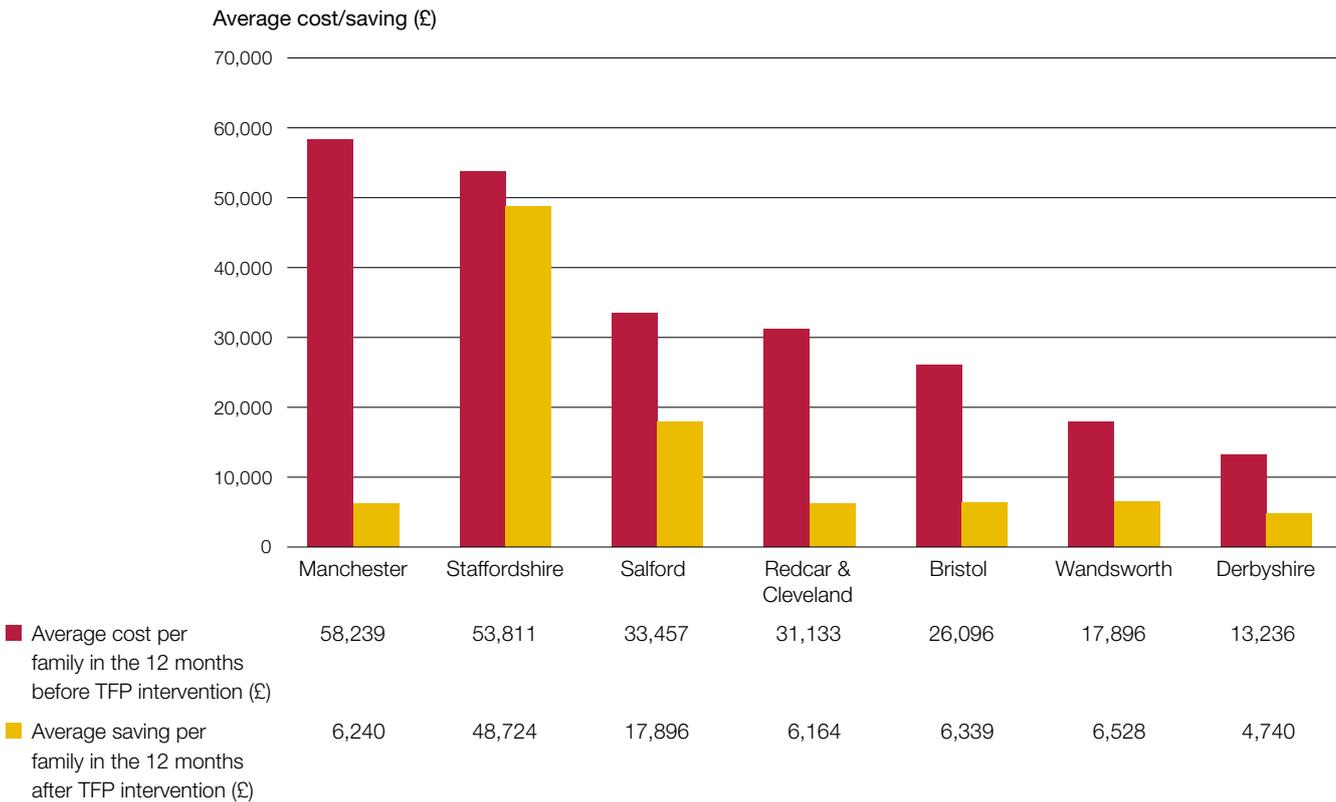
The additional cost of delivering the Troubled Families programme can be compared with the gross fiscal benefit to determine whether there is a financial saving overall.

Source: Department for Communities and Local Government, *Benefits of the Troubled Families programme to the taxpayer*, March 2015

¹² Department for Communities and Local Government, *National Evaluation of the Troubled Families Programme: Interim Report Family Monitoring Data, A Report by Ecorys UK*, July 2014. Available at: www.gov.uk/government/publications/national-evaluation-of-the-troubled-families-programme

Figure 10
Average cost and saving per family, by local authority

The data showed wide variation in the average costs and savings per authority



Notes

- 1 The data for Manchester and Staffordshire is for Year 1 only.
- 2 TFP = Troubled Families Programme

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

1.32 The government used this data to claim that the programme had already saved taxpayers an estimated £1.2 billion by March 2015. This assumed that the average gross saving of £11,200 in the seven ‘exemplar’ local authorities would be the same for the 105,671 families that had received support from the programme at that time. In June 2015, we reported that this figure is gross and does not take the cost of the intervention into account or provide any estimates of savings that would have happened without the intervention.¹³

¹³ Comptroller and Auditor General, *Outcome-based payment schemes: government’s use of payment by results*, Session 2015-16, HC 86, National Audit Office, June 2015, paragraph 2.9 and Figure 6. Available at: www.nao.org.uk/press-release/outcome-based-payment-schemes-governments-use-of-payment-by-results-2/

Phase two (April 2015 to March 2020)

1.33 In June 2013, HM Treasury announced plans to expand the Troubled Families programme for a further five years from 2015-16 and to reach up to 400,000 extra families across England. This second phase aims to support families with a wider range of problems and give local authorities more discretion over which families they support, although it remains focused on those with multiple, high-cost problems (**Figure 11**).

Implementation of Phase Two

1.34 In March 2014, the Treasury announced that it would offer the highest performing areas (those that had ‘turned around’ the most families in phase one of the programme) the opportunity to start delivering the expanded programme early. The first wave of 51 ‘early starter’ areas began to deliver the expanded programme in September 2014 and helped to test and refine the operating model before the national roll-out in April 2015. A second wave of 62 ‘early starter’ areas began in January 2015.

1.35 All local authorities that had ‘turned around’ at least three-quarters of the families they had committed to support in phase one were eligible to participate in the expanded programme from April 2015. Only four local authorities were not eligible to take part in the programme at that time. They joined six months later after increasing the number of families they had ‘turned around’.

Figure 11

Criteria for the expanded Troubled Families programme

To be eligible for support, each family must have at least two of the following six problems:

- Parents or children involved in crime or antisocial behaviour.
- Children who have not been attending school regularly.
- Children who need help because they are identified as in need or are subject to a child protection plan.
- Adults out of work or at risk of financial exclusion or young people at risk of worklessness.
- Families affected by domestic violence and abuse.
- Parents or children with a range of health problems.

Source: *Financial framework for the expanded Troubled Families programme*, Department for Communities and Local Government, 2015

Funding arrangements

1.36 The Department's budget for phase two was £200 million in 2015-16 and a further £720 million was found from central government department efficiency savings to fund the programme from 2016-17 to 2019-20. As with phase one of the programme, most of the funding (up to £720 million) will be allocated to councils according to how many families they help and the results they achieve. The maximum amount per family has fallen from £4,000 to £1,800. This is based on an assumption that the families supported in phase two will have less severe problems and the cost of interventions will be lower.

1.37 This time the attachment fee is fixed at £1,000 per family and the reward payment is fixed at £800 per family for the five years of phase two. Rather than basing the reward payment on a small number of nationally defined measures, phase two introduces a more flexible approach to measuring results. Councils receive reward payments for each family they support if they can demonstrate that:

- the family has achieved 'significant and sustained progress' against a locally defined Troubled Family Outcome Plan (**Figure 12**); or
- an adult in the family has moved off benefits into continuous employment.

Figure 12

How 'significant and sustained progress' is measured in phase two

Success measures are set out in the Troubled Family Outcomes Plan

Descriptions and definitions of the outcomes and measures that constitute and demonstrate significant and sustained progress should be agreed locally and set out in a Troubled Family Outcomes Plan

The following principles should be used when drawing up the plan and defining whether progress is significant and sustained:

- The plan should focus on the demonstration of outcomes rather than inputs, processes and outputs.
- Outcomes should not be set until all the family's problems have been identified.
- A claim cannot normally be made if the family has developed an additional problem after engaging with the programme not present at the outset.
- A claim can only be made if all school children in the family are receiving a suitable education.
- Local authorities should agree outcomes with local partners as far as possible.
- Where unemployment is a problem, a claim can be made if significant and sustained progress towards work can be demonstrated.
- The plan should provide a concise and clear account of the local authority's goals in supporting families on the programme.
- Existing information sharing limitations should not be the starting point in setting outcomes.
- The period of sustained outcomes outlined in the plan should be meaningful.
- The plan should be a live document that is able to respond to changing family needs.

Source: Department for Communities and Local Government, *Financial framework for the expanded Troubled Families programme*, March 2015

1.38 The Department plans to use some of the remaining £200 million of the central government funding to:

- give each council a Service Transformation Grant (£175 million); and¹⁴
- meet the cost of the national evaluation of the expanded programme (£2.8 million).

Verification of results

1.39 The expanded programme also includes a revised process for spot checks. The Department now plans to visit each local authority at least twice during the five years of the programme. As well as checking that a family is eligible for the programme and that the result claimed is valid (as in phase one), the Department also checks that the support provided to the family is consistent with ‘the Troubled Families way’. This includes checking that there is a named key worker and that a whole family assessment has taken place. These checks did not happen in phase one. So far, it has checked 245 claims for 13 local authorities and identified four invalid claims.

Performance data

1.40 In its Single Departmental Plan, the Department reported that 100,690 families had engaged with the expanded programme as of 25 January 2016.¹⁵ It has not yet published any data on the outcomes achieved so far.

Links with devolution deals

1.41 The expanded programme is being delivered at the same time that devolution deals have been put into place in some parts of the country. In Greater Manchester, the devolution deal includes a Life Chances Investment Fund which will bring together funding from a number of sources. These include Greater Manchester’s share of the funding that it could have received for troubled families under the payment by results mechanism.

1.42 The Department has said it is willing to consider proposals from other areas to receive devolved funding provided that proposals are consistent with the government’s ambition to improve outcomes for the families the expanded programme is targeting and the local area takes part in the national evaluation of the programme.

Evaluation arrangements

1.43 A new national evaluation is now under way for phase two of the programme. The main elements of the evaluation are set out in **Figure 13** overleaf.

¹⁴ This replaces the Troubled Families Coordinator grant and is intended to be a contribution to both the cost of transforming services to work with families in new ways and the cost of collecting, recording and analysing data to evaluate the programme.

¹⁵ Department for Communities and Local Government, *Single departmental plan: 2015 to 2020*, first published on 19 February 2016 and updated on 2 September 2016. Available at: www.gov.uk/government/publications/dclg-single-departmental-plan-2015-to-2020

Figure 13

How the expanded programme will be evaluated

National Impact Study

This will match data about individuals receiving support through the programme to national administrative datasets held by government departments. It will provide an estimate of the added value of the programme by comparing outcomes for families in the programme with those in families before they started to receive support through the programme or in families who fell just short of eligibility for the programme. Results will be provided at both a national and local level.

Family Progress Data

For family problems where data is not held in national administrative datasets, including issues like domestic abuse and housing problems, local authorities are asked to provide information on progress in tackling these problems for all families in the programme twice a year.

Cost Savings Calculator

The Cost Savings Calculator was released to local areas in May 2014 to enable them to calculate the fiscal benefits achieved through the programme. Improvements to the calculator have been made in phase two, to reflect the learning from the first programme. The benefits section of the calculator is pre-populated using data from the National Impact Study and Family Progress Data. Local authorities need to complete the costs section, giving details of the money invested in the delivery of the programme and (for comparison) pre-programme investments in targeted interventions for a comparable cohort.

Family survey

A survey of 1,000 families across 20 local authority areas before and after they receive the intervention will increase understanding of the impact of the programme.

Process evaluation

Qualitative research and case study work in 10 local authority areas will increase understanding of how the programme is contributing to system transformation and the approaches councils are taking to working with families.

Staff survey

This is an annual online survey to seek the views of staff involved in the delivery of the programme in local authorities.

Source: Internal Departmental document

1.44 The Department has said it will share data from national datasets relating to families supported by the programme with each local authority every six months up until 2020. This will enable them to monitor progress at a local level.

1.45 In addition, there is now a new legislative requirement in the Welfare Reform and Work Act 2016 for the Secretary of State for Communities and Local Government to publish an annual progress report on families supported through the Troubled Families programme. The first annual report must be published before the end of the 2016-17 financial year.

Part Two

Previous reports published by the National Audit Office and the Committee of Public Accounts

2.1 This part gives details of reports published by the National Audit Office (NAO) and the Committee of Public Accounts (the Committee) relating to the Troubled Families programme. It also sets out how the government has responded to each of the recommendations made by the Committee in its report *Programmes to help families facing multiple challenges* which it published in April 2014.¹⁶

Previous National Audit Office reports on the Troubled Families programme

Early action: landscape review (January 2013)¹⁷

2.2 We reported that there were early indications that the Troubled Families programme and community budget pilots had encouraged local authorities and other local bodies to work more collaboratively across traditional service boundaries. We found that they had pooled budgets and were instigating more multi-agency working at the front line, though it was too early to judge how effective they were.

Programmes to help families facing multiple challenges (December 2013)¹⁸

2.3 This report evaluated the implementation of the Department's Troubled Families programme and the Families with Multiple Problems programme delivered by the Department for Work & Pensions (DWP). Covering England only, the aim of the DWP programme was to move 11,000 families with multiple problems closer to employment. The programme had funding of £200 million from the European Social Fund and ran from January 2012 to March 2015. Both programmes shared similar objectives and both used payment by results to incentivise those working with families to achieve improved outcomes.

¹⁶ HC Committee of Public Accounts, *Programmes to help families facing multiple challenges*, Fifty-first Report of Session 2013-14, HC 668, April 2014. Available at: www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/668/668.pdf

¹⁷ Comptroller and Auditor General, *Early action: landscape review*, Session 2012-13, HC 683, National Audit Office, January 2013, paragraph 3.31. Available at: www.nao.org.uk/report/early-action-landscape-review/

¹⁸ Comptroller and Auditor General, *Programmes to help families facing multiple challenges*, Session 2013-14, HC 878, National Audit Office, December 2013. Available at: www.nao.org.uk/report/programmes-help-families-facing-multiple-challenges-2/

2.4 We concluded that both programmes were starting to help some families address complex challenges, including moving towards employment. However, we found that there had been difficulties integrating the programmes and early indications suggested the incentives may not work in the way the departments envisaged. We made a number of recommendations related to our findings (**Figure 14**).

Figure 14

Recommendations in our 2013 report *Programmes to help families facing multiple challenges*

The Cabinet Office should:

- implement the recommendations in our previous report *Integration across government* to improve the sponsorship of joined-up approaches; and
- share across government lessons from how both Departments designed and implemented a payment by results programme.

Department for Communities and Local Government and Department for Work & Pensions should:

- continue to work with local authorities and providers to investigate and manage variations in performance; and
- build on planned work to generate an improved evidence base to support the design of the next phase of support.

Department for Work & Pensions should continue to monitor the funding it is likely to distribute over the rest of the programme and continue to reallocate any predicted unused amounts to other programmes.

Source: *Programmes to help families with multiple challenges*, National Audit Office, 2013

Outcome-based payment schemes: government's use of payment by results (June 2015)¹⁹

2.5 Drawing on the findings of our 2013 report and other research, we identified several lessons for commissioners when considering the use of payment by results as a funding mechanism (**Figure 15**). While the relationship between central and local government is not the same as that between a commissioner and a provider delivering services under a contract, some of these lessons are still relevant to the Troubled Families programme.

¹⁹ Comptroller and Auditor General, *Outcome-based payment schemes: government's use of payment by results*, Session 2015-16, HC 86, National Audit Office, June 2015. Available at: www.nao.org.uk/press-release/outcome-based-payment-schemes-governments-use-of-payment-by-results-2/

Figure 15**Lessons for commissioners on the use of payment by results**

Payment by results is not suited to all public services.

Commissioners should justify their selection of payment by results over alternative delivery mechanisms.

Payment by results is a technically challenging form of contracting, and has attendant costs and risks that government has often underestimated.

To get scheme design right, commissioners need to understand providers' capacity to take on risk.

It takes time and effort to design the payment mechanism so it offers appropriate incentives to providers.

It is essential that commissioners establish performance expectations at the start, taking into account baseline performance and non-intervention rates.

Commissioners need to actively monitor and manage provider performance.

Commissioners need to plan at the outset how they will evaluate both the effectiveness of the scheme as a whole, and the impact of payment by results as a delivery mechanism.

Source: *Outcome-based payment schemes: government's use of payment by results*, National Audit Office, 2015

Report of the Committee of Public Accounts on programmes to help families facing multiple challenges

2.6 The Committee of Public Accounts (the Committee) published its report on the Department's Troubled Families programme and the DWP Families with Multiple Problems programme on 4 April 2014 following an oral evidence hearing on 29 January 2014.

2.7 The report made five recommendations, which related to:

- sharing good practice on how central and local agencies can work together effectively (paragraphs 2.11 to 2.13);
- ensuring there is integrated policymaking and implementation within, and across, departments (paragraphs 2.14 to 2.20);
- scrutinising and managing performance to ensure targets are met (paragraphs 2.21 to 2.27);
- efficient and effective data sharing (paragraphs 2.28 to 2.32); and
- the need for departments to demonstrate that their programmes provide value for money (paragraphs 2.33 to 2.46).

2.8 The government published its response to these recommendations in a Treasury minute dated 19 June 2014.²⁰ It accepted all the recommendations and set out a target implementation date for each one. It provided updates on progress with the implementation of outstanding recommendations and set out revised target implementation dates in subsequent Treasury minutes (**Figure 16**).²¹

2.9 This final section of the report gives details of the government's response to the recommendations as recorded in Treasury minutes and describes further action the Department has told us it is taking to implement the recommendations.

Good practice on how central and local agencies work together

2.10 The Committee concluded that “the good practice evidence in DCLG's Troubled Families programme demonstrates how central and local government agencies can work together effectively”.

Committee of Public Accounts' recommendation

2.11 The Committee recommended that “DCLG should identify good practice on how central and local agencies work together on its Troubled Families programme to secure a joined-up approach to local delivery. It should share this widely across the public sector, particularly in areas such as the health and social care sectors, where effective delivery at a local level relies on the coordination of multiple agencies”.

Government's response in June 2014

2.12 The government accepted this recommendation and said it had already been implemented. It gave examples of how the Department worked with local authorities to understand their practice and share learning across areas. It referred to three reports that the Department had published highlighting local practice and sharing emerging evidence – *Listening to Troubled Families*, *Working with Troubled Families* and *The Cost of Troubled Families*. It also said the ongoing independent evaluation of the programme would identify best practice.

Further action taken

2.13 Since the Committee made its recommendation, the Department has applied learning from the Troubled Families programme to secure a more joined-up approach to local delivery in other areas, including the health and social care sector. It has also strengthened partnership working with the Department for Work & Pensions. An official from the Troubled Families team has been seconded into the Work and Health Unit, to help share learning from the programme.

20 Treasury minutes: Government responses on the Forty-fifth to the Fifty-first and the Fifty-third to the Fifty-fifth Reports from the Committee of Public Accounts: Session 2013-14, June 2014. Available at: www.gov.uk/government/publications/treasury-minutes-june-2014

21 Treasury minutes: progress on implementing recommendations of Public Accounts Committee dated March 2015, February 2016 and July 2016. Available at: www.gov.uk/government/publications/treasury-minutes-progress-on-implementing-recommendations-of-public-accounts-committee-july-2014

Figure 16

Target date for implementation of recommendations (as recorded in Treasury minutes)

Recommendation and date of Treasury minute	19 June 2014	23 March 2015	10 February 2016	21 July 2016
DCLG should identify good practice on how central and local agencies work together on its Troubled Families programme to secure a joined-up approach to local delivery. It should share this widely across the public sector, particularly in areas such as the health and social care, where effective delivery at a local level relies on the coordination of multiple agencies.	✓	✓	✓	✓
The government should learn lessons from the approach taken in this case to ensure that there is integrated policymaking and implementation within, and across departments. The government should agree a clear plan for delivery of the next phase of DCLG's Troubled Families programme, from 2015.	May 2015	✓	✓	✓
The departments must ensure that performance in each local authority, and by each contractor, is scrutinised to properly manage the contracts giving appropriate support where appropriate, but also imposing sanctions where necessary.	✓	✓	✓	✓
The departments should develop and disseminate clear guidance to local authorities. This should set out the data that local authorities can legally share and what practical steps they can take to overcome cultural barriers to sharing data among local agencies involved in delivery, alongside helping local authorities to meet their remaining legal responsibilities for data protection and confidentiality.	May 2015	✓	✓	✓
Both departments should publish, alongside details of the programmes' progress against their respective targets, details of the wider benefits and financial savings that they have identified. They should make clear what proportion of any financial savings are cash savings.	May 2015	May 2015	April 2016	✓

Note

1 ✓ = recommendation recorded as implemented in Treasury minute

Source: Treasury minutes: progress on implementing recommendations from the Committee of Public Accounts

Integrated policymaking and implementation

2.14 The Committee concluded that “the two programmes to help troubled families were designed and implemented separately, resulting in confusion and a lack of integration, and contributing to lower than expected performance during the early stages”.

Committee of Public Accounts’ recommendation

2.15 The Committee recommended that “the government should learn lessons from the approach taken in this case to ensure that there is integrated policymaking and implementation within, and across departments. The government should agree a clear plan for delivery of the next phase of DCLG’s Troubled Families programme, from 2015”.

Government’s response in June 2014

2.16 The government accepted this recommendation and set a target implementation date of May 2015. It referred to the establishment of a new Implementation Unit within the Cabinet Office to focus on the implementation of priorities across government, working in partnership with other departments. It also referred to other mechanisms for reinforcing integration of policymaking: the Economic and Domestic Affairs Secretariat and Cabinet committees, including the Social Justice Committee; and a dedicated officials’ group and informal ministerial groups that discuss the application of payment by results across different policies.

2.17 In its response, the government also said there would be a clear plan for delivery of the next phase of the Troubled Families programme and that the Troubled Families team had been working with local areas and departments to design the detail of the expanded programme.

Government’s response in March 2015

2.18 The government reported that this recommendation was now implemented. It referred to an interim financial framework for the expanded Troubled Families programme that had been published in September 2014, with a further iteration in November 2014. It also reported that two waves of ‘early starter’ areas were helping to refine the operating model for the expanded programme.

Further action taken

2.19 The Department published the final version of the *Financial Framework for the Expanded Troubled Families Programme* in March 2015 – the month before the national roll-out of the expanded programme.

2.20 In June 2015, the Prime Minister announced that the government would set up 10 new implementation taskforces to oversee the delivery of policy in key areas. This included a taskforce for troubled families, chaired by the Secretary of State for Communities and Local Government, which aimed to “clear away the red tape to improve the lives of the country’s most troubled families”. This taskforce has helped to coordinate government policy and maintain cross-government input into the Troubled Families programme.

Performance against targets

2.21 The Committee concluded that “the departments will not meet their targets without increasing the rate at which they have been succeeding in their work with troubled families”.

Committee of Public Accounts’ recommendation

2.22 The Committee recommended that “the departments must ensure that performance in each local authority, and by each contractor, is scrutinised to properly manage the contracts giving appropriate support where appropriate, but also imposing sanctions where necessary”.

Government’s response in June 2014

2.23 The government accepted this recommendation and said it had already been implemented. It reported that DWP had taken action since the start of 2014 to strengthen its arrangements for monitoring and managing the performance of providers delivering the Families with Multiple Problems programme and had based 157 employment advisers with local authorities to focus on improving work outcomes for troubled families.

2.24 The government reported that the Troubled Families programme represented a new way of working with local government: it was a partnership between central and local government with shared goals and ambition rather than a contractual relationship. The Troubled Families team scrutinised performance and offered support and constructive challenge as necessary.

Further action taken

2.25 A Troubled Families programme board with representation from HM Treasury, the Cabinet Office, the National Police Chiefs Council and local authorities, as well as the Department, oversees performance against the programme’s objectives.

2.26 The Troubled Families team provides tailored support and challenge to each local authority as required to help them improve and maintain their performance. It applied sanctions to those local authorities whose performance did not meet the required standards. For example, four local authorities were delayed from starting phase two of the programme (paragraph 1.35).

2.27 The Department for Work & Pensions has now increased the number of employment advisers based with councils to 307 so all councils taking part in the programme now receive this support. This is designed to increase the number of people moving to, or making progress towards, paid employment.

Efficient and effective data sharing

2.28 The Committee concluded that “efficient and effective data sharing is required for the programmes to be delivered successfully”.

Committee of Public Accounts’ recommendation

2.29 The Committee recommended that “the departments should develop and disseminate clear guidance to local authorities. This should set out the data that local authorities can legally share and what practical steps they can take to overcome cultural barriers to sharing data among local agencies involved in delivery, alongside helping local authorities to meet their remaining legal responsibilities for data protection and confidentiality”.

Government’s response in June 2014

2.30 The government accepted this recommendation and set a target implementation date of May 2015. It reported that both departments had already made huge strides forward with data sharing for the Troubled Families programme. It referred to data sharing guidance issued by the Department for Work & Pensions, guidance issued as part of the Financial Framework for the Troubled Families programme and the launch of the Centre of Excellence for Information Sharing in April 2014. The Centre is funded by government departments and supports places to improve their information sharing. It also reported that the Department was working with other government departments and local authorities to understand what information was needed to deliver the expanded programme and to consider the solutions needed to allow local authorities to access and use the information they required.

Government’s response in March 2015

2.31 The government reported that this recommendation was now implemented. It referred to clear guidance to local authorities on data sharing principles in the interim financial framework for the expanded Troubled Families programme. The Department planned to test this guidance with the early starter areas. It also referred to guidance that DWP had issued to local authorities on the Automated Data Matching Solution in November 2014. This had been developed to replace the previous manual data sharing process in order to help local authorities identify troubled families claiming out of work welfare benefits, to track benefit status over time and to verify that an adult in the family has moved off out of work benefits.

Further action taken

2.32 The Department has continued to take action to make it easier for data to be shared. The financial framework for the expanded programme published in March 2015 included further guidance to local authorities on data sharing. The Department also published interim guidance for health professionals on sharing data relating to troubled families in March 2015. The guidance explaining the legal powers that allow the Department for Work & Pensions to share data with local authorities was updated in March 2016. New guidance on data sharing between the police and councils was published in August 2016.

Demonstrating that the programmes deliver value for money

2.33 The Committee concluded that “the departments need to demonstrate that the programmes deliver value for money”.

Committee of Public Accounts’ recommendation

2.34 The Committee recommended that “both departments should publish, alongside details of the programmes’ progress against their respective targets, details of the wider benefits and financial savings that they have identified. They should make clear what proportion of any financial savings are cash savings”.

Government’s response in June 2014

2.35 The government accepted this recommendation and set a target implementation date of May 2015. It reported that an independent fiscal evaluation of the Troubled Families programme was under way, led by the National Institute of Social and Economic Research. It did not give details of the timetable for this evaluation and did not commit to publish the results.

2.36 The government also reported that the Troubled Families team would shortly make available an online cost–benefit analysis tool that all local authorities could use to provide evidence of cost savings achieved through the programme. It referred to the Cost of Troubled Families report which the Department published in January 2013.

2.37 With regard to the DWP Families with Multiple Problems programme, the government reported that DWP had commissioned Ecorys to carry out an evaluation and that this was due to be published in autumn 2014. It would outline lessons learned from the approach to funding and use of progress measures to help DWP understand how to work effectively with the client group in future.

Government’s response in March 2015

2.38 The government reported that the target implementation date was still May 2015. It reported that an independent evaluation of the Troubled Families programme was still under way, delivered by a consortium led by Ecorys and including the National Institute of Social and Economic Research. It also reported that the Troubled Families team had now developed the online cost savings calculator and that the Department published regular progress information on the programme’s performance. It referred to the Understanding Troubled Families report, and accompanying interim evaluation report, published in July 2014 (see paragraphs 1.27 to 1.29).

2.39 Regarding the DWP programme, the government reported that the evaluation report would be published later that year and would outline lessons learned from this approach to funding. It also referred to Experimental Official Statistics on Troubled Families that DWP published in September 2014 which present insight into the benefit and employment status of Troubled Families’ programme participants.

Government's response in February 2016

2.40 The government reported a revised target implementation date of April 2016. It again referred to the independent evaluation of the Troubled Families programme led by Ecorys, to the development of the online cost savings calculator and to the regular progress reports the Department published. It also reported that the Department had published *Benefits of the Troubled Families programme to the taxpayer* in March 2015 (see paragraphs 1.30 to 1.32).

2.41 The Treasury minute also referred again to the DWP Experimental Official Statistics published in September 2015 and to the evaluation report that it stated would be published in due course.

Government's response in July 2016

2.42 The government reported that the recommendation was now implemented. It referred again to the development of the online cost savings calculator and to *Benefits of the Troubled Families programme to the taxpayer* published in March 2015. It stated that further reports focused on the wider learning from the first programme were planned for summer 2016.

2.43 The Treasury minute also reported that the new Troubled Families evaluation (for phase two) has built upon and strengthened the ability to demonstrate cost savings and wider benefits by developing an online information system for local authorities that automatically calculates cost savings for local authorities based on outcomes for families as tracked and recorded in cross-government national administrative datasets. It stated that the calculations would include estimates of cashable savings and that the information would be provided biannually during the course of the programme to local authorities (see paragraph 1.44).

2.44 The Treasury minute also made reference to the new requirement in the Welfare Reform and Work Act 2016 for the Secretary of State for Communities and Local Government to report annually to Parliament on the progress of the Troubled Families programme (see paragraph 1.45). Finally, it reported that the DWP evaluation report *Evaluation of the Department for Work & Pensions European Social Fund Support for Families with multiple problems* was published on 28 January 2016.

Further action taken

2.45 The Department has informed us that it has used data recorded by 66 local authorities in the cost savings calculator to carry out further analysis of the financial savings achieved in phase one of the programme. However, it has not yet published the results of this analysis.

2.46 As reported in paragraph 1.25, the Department has not yet published the independent fiscal evaluation of phase one of the Troubled Families programme. For this reason, the NAO does not consider that the Committee's recommendation has been fully implemented. The department is aiming to publish its report before the Committee's evidence session. At the time of finalising this update, it had not been shared with the NAO.

This report has been printed on Evolution Digital Satin and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office