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Submitted by email to: challengepanel@transformation-network.gov.uk
10 July 2014

Dear Derek and Pat,

SESL and SEEC Response to the Service Transformation Challenge Panel Call for Evidence

We write on behalf of South East Strategic Leaders (SESL) and South East England Councils (SEEC). Together we promote the views and interests of all tiers of local government across the South East, representing over 8.8 million residents.

SESL and SEEC welcome this opportunity to respond to the Panel's call for evidence. **Our members have the ambition to drive forward transformation to deliver better, more affordable public services. Future transformation must be system wide - including fire and rescue services, police and health - not confined to local government.** Our high level submission points to several cutting edge examples where **South East councils are at the forefront of delivering system-wide change**, for example Kent's work to integrate health and social care services and Surrey's emergency services collaboration. Alongside these innovative examples, we point to other ways that our members have laid the foundations for transformation; for example, by becoming more efficient, investing in shared service arrangements, working with communities to reduce demand and developing new models of delivery.

Our track record demonstrates that South East councils have the potential to drive forward transformation at a much larger scale and pace than we are currently seeing. We believe that to realise our vision for greater transformation we need **genuine devolution of finance and freedom to take local decisions**. Genuine devolution would give councils the freedom they need to innovate, reduce reliance on central grant funding and, by strengthening local democratic leadership, ensure affordable services that meet local need. In addition we call for **greater certainty** over remaining central funding through five year settlements. **Reduced Government intervention** is equally important, for example Ministers could reduce competitive bidding for funding from multiple pots across central government departments, which is unnecessarily bureaucratic and resource draining. We can drive forward system wide transformation if Government can trust us and give us the tools to deliver.

We look forward to expanding on the examples included in our response and hearing from you about the Panel's early findings at SESL's group meeting on 25th September.

Yours sincerely,

Cllr Gordon Keymer CBE
Chairman
South East England Councils

Cllr David Burbage MBE
Chairman
South East Strategic Leaders

Service Transformation Challenge Panel – Call for Evidence
South East Strategic Leaders and South East England Councils Response
10 July 2014

Headline message:
South East councils have the ambition and vision to lead system-wide transformation across their places to deliver more affordable, better public services. Building on our successful track record, parts of the South East are already leading ambitious transformation programmes with their local partners. We believe we can deliver greater transformation faster if Government would give us the tools and trust us to deliver. We identify genuine devolution of finance and freedoms to councils and reduced Government intervention as top enablers of future transformation.

1. Introduction

1.1. This is a response of South East Strategic Leaders (SESL) and South East England Councils (SEEC), which together represent all tiers of local government across the South East and 8.8 million residents. SESL and SEEC welcome this opportunity to respond to the Service Transformation Challenge Panel's (the Panel) call for evidence and look forward to expanding on the examples of innovative transformation highlighted in the appendix when we meet in September.

2. South East context

2.1. There are four primary drivers of service transformation across the South East:

a) **Cost pressures –** SESL and SEEC county and unitary authorities alone have reduced their budgets by circa £1.3bn since 2010 and have plans for a further £1.4bn by 2017/18. Our 55 districts too continue to deliver significant savings.

b) **High growth in demand for services is pushing up costs** – The South East has England's largest population, currently 8.8m and expected to increase to over 10m by 2032. We also have England's largest elderly and ageing populations. By 2024 those over 65 will have increased from 1.6m to over 2m. This places huge demand pressures on services, which drives up costs. The non-metropolitan nature of the South East also places a cost premium on service provision in multiple, rural locations and, for many, proximity to London plays a part in increasing costs for premises and staff.

c) **Service user expectations –** South East councils share a collective ambition to deliver better public services in line with residents' rising expectations.

d) **New responsibilities –** New legislation and central government initiatives place additional pressures on councils. For example, the Care Act, while welcomed by councils, will have significant financial implications for councils. Early modelling in Buckinghamshire suggests costs of £17m in the first year of implementation, potentially rising to £45m.

3. System wide transformation

3.1. Driven by the above four primary factors, South East councils have become more efficient, invested in shared service arrangements, sought to drive down demand through co-production with citizens and invested in new models of service delivery. These innovations, examples of which are highlighted in the appendix, have enabled councils to keep council tax low and resident satisfaction high. For example, Royal Borough of Windsor and Maidenhead delivered a 26% council tax cut (in real terms) over the past five years and evidence from Buckinghamshire CC suggests that 71% of service users surveyed remain satisfied with the way services are run despite the council having made £85m savings to date, with a further £60m earmarked for the next few years. However, it is becoming increasingly difficult to sustain council tax freezes and some local authorities, such as Surrey CC, felt impelled to raise council tax by 1.99% to help fund essential services. It is notable that these authorities have kept rises within Government limits, even though this will not fully fund service needs, including a significant rise in demand for school places in Surrey.

3.2. With significant budget reductions still to make - £1.4bn across SESL and SEEC county and unitary authorities by 2017/18 – and rising demand for services, in line with our growing population, **South East councils are ambitious to drive forward transformation at a much larger scale and pace than we are currently seeing. It is important that future transformation is not confined to local government only but encompasses all public services within a place** including, for example, fire and rescue services, the police and health.

3.3. Across our members there are innovative examples of how councils are leading system-wide transformation, for example Kent's plans for integrated health and social care and Surrey CC's emergency services collaboration. These examples are summarised in the appendix.

3.4. **We believe that given the right tools by Government, South East councils could realise their potential to drive forward transformation on a much larger scale and at greater pace. Two essential tools for change are: genuine devolution of finance and freedoms and reduced Government intervention.**

4. Genuine devolution of finance and powers

4.1. Genuine devolution of finance and powers would give councils the freedom they need to innovate, reduce reliance on central grant funding and ensure that services are more responsive to local need. Devolution in the following key areas would make a significant difference to councils' ability to drive forward local transformation:

a) **Power to set and keep more income locally –** South East councils are innovating to raise local funds to support service delivery, with some local authorities, such as Aylesbury Vale District Council, on track to become financially self-sufficient. Hampshire County Council, for example, sells nearly 100 services and in 2012/13 generated £91m in income. Similarly, Wokingham Borough Council's wholly owned adult social care company *Optalis* delivered a surplus for the council for £98k in 2012-13. **Genuine devolution would enable us to become even more commercial and we recommend that councils are also given powers to set and keep more taxes locally, such as business rates, stamp duty and council tax, and to introduce small new local fees if agreed locally.**

b) **Access to city-deal type powers –** At £203bn in 2012, South East GVA exceeded the combined GVA of Scotland and Wales by almost £50bn. Similarly, between 2007 and 2012, South East GVA outstripped that of the UK's 8 'core cities'. **If devolution is right for Scotland and Wales and, to a lesser extent England's core cities, it must also be right for South East local government, with its larger population and more powerful economy**.

c) **Devolved decision making within the NHS as a step towards a single commissioned, joint budget for health and social care –** Local government cannot transform in isolation; rather, public services across a place must transform together to deliver integrated services that best meet the needs of residents. In particular, culture change within the NHS is a necessary precondition to delivering a fully integrated health and care system over time. **We recommend Government devolves decision making within the NHS and streamlines the wider health system, transferring a greater proportion of national primary care commissioning to councils. We see this as a step towards a single commissioned budget for health and social care.** Our ambition for pooled health and care budgets is evidenced in the fact that we have some of the most innovative integration plans in the country and the largest pooled budget arrangements – £330m is currently committed across all client groups in Oxfordshire, representing a third of CCG resource and 99% of adult social care funding.

d) **Certainty over remaining central grants –** Greater certainty over central grant funding would enable councils to plan transformational change far more effectively. We recommend that Government agrees five year settlements for remaining central grants through an independent 'distribution' panel.

e) **Reduced Government intervention** would enable councils to concentrate on delivering transformation on the ground. In particular, we do not consider the constant requirement to bid competitively for funding from multiple pots across Government departments a good use of public funds; rather, competitive bidding processes can be unnecessarily bureaucratic and resource intensive for relatively little gain. Analysis of four areas commissioned by the LGA revealed that competitive bidding costs between £20k and £30k per bid. **Competitive processes for schemes intended to support transformation should either be simplified or removed altogether.**

5. Concluding remarks

5.1. The examples highlighted in this submission support the conclusion that significant progress on multi-agency working, shared services and transformational partnerships is already being delivered by South East councils and offers a cost effective way forward for local government. Evidence supports the potential for wider development of these and similarly innovative arrangements across local government, although we must recognise that the sector cannot be treated as a homogenous whole. Some authorities will have capacity to deliver transformational projects, some would rather become the customer or commissioners of partner organisations and others still will continue to join up with existing cost efficient arrangements. Whatever the journey chosen locally, our track record demonstrates that given the tools, South East councils can deliver.

Appendix

SECTION 1: EXAMPLES OF SYSTEM WIDE TRANSFORMATION

Surrey CC's Emergency Services Collaboration aims to achieve a shift from reactive, often high cost, services to prevention by working in collaboration with Surrey Police, Fire and Ambulance Services (which extends into Kent) and East and West Sussex Fire Service. Together the six services cover an area of 2,140 square miles and serve 2.7m residents. Joint work will deliver a single control and dispatch function, a combined civil contingencies unit, combined operational response to certain incident types, joint operational support functions and a joint prevention programme. The programme builds on existing arrangements – Surrey and East Sussex councils and Fire and Rescue services have shared procurement functions since 2012.

The Council has set a conservative savings target of £10m by 2015-16 and work is underway to develop a more detailed cost-benefit analysis. Having the flexibility to engage stakeholders and build up a more comprehensive business case over time, with the support of staff through the Public Service Transformation Network, has been helpful. Data analysis and finance workshops are also helping to overcome issues in data matching across the services involved.

Health and social care integration pioneer Kent County Council is working with partners to deliver a fully integrated health and care system by 2018. A key part of Kent's ambitions is to establish co-designed, integrated teams that work 24/7 around GP practices by 2015. These multi agency teams will bridge the gap between GPs, social care, community health and hospital based services. The core team will comprise: the GP, community nurse teams, named social care professionals, primary care, mental health and dementia workers, adult health visitors, health trainers and public health workers. These will be supported by shared information systems. 2015-16 will bring wider integration, e.g. with providers, and by 2016 Kent will be operating 'hospitals without walls' with community services responding within the same timeframes as acute trusts. This one team, one estate, one budget approach will reduce the need for hospital acute admissions by 15% by 2016.

While central initiatives including the Better Care Fund (BCF) have helped to accelerate work already underway, it has been a challenge for Kent to engage partners and develop BCF plans to the level of detail required, particularly given the complexity of their local context (1 County Council, 12 District Councils, 3 Acute Trusts, 1 Mental Health Trust, 1 Community Health Trust and 1 Regional Ambulance Trust). Kent has worked hard to overcome these challenges, for example through establishing Kent Innovation Hub to help digitally connect stakeholders. The council has also convened stakeholder engagement meetings, with the direct involvement of Kent's Leader and Portfolio Holder, to explore the implications of BCF plans[1].

Oxfordshire County Council and the **Oxfordshire Clinical Commissioning Group** have the largest pooled arrangements in the country with over £330m currently committed across all client groups, representing a third of CCG resource and 99% of adult social care funding. Building on already well-established and effective working relationships and a common ambition, the Council and CCG have developed joint commissioning strategies, mature risk sharing arrangements and robust governance arrangements. Oxfordshire's BCF plan is focused mainly on improving services for older people, for example by implementing a single assessment process reducing the need for people to be assessed more than once when transitioning between health and social care. As a next step, partners will be looking to further align plans across the whole health and social care system, including key providers[2].

Hampshire County Council started its transformation journey with shared services – firstly across well-established, high performing services within the public sector, which led to the expansion of shared services with external councils and public sector bodies. In this early stage, schools were developed as major customers and the education sector generated £63m of the counties £91m income in 2012/13. In summer 2013, the council entered into a unique, long term strategic partnership with Isle of Wight council to strengthen the Island's child protection and education services.

The second phase of Hampshire's transformation journey involved a major review of corporate services which led to a new operating model that would allow the authority to improve its own performance, reduce costs and develop a more competitive corporate function. The focus on the model was to develop 'public-public partnerships with a private sector twist' to bring external challenge and specialist capacity in targeted areas.

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[1] County Councils Network (May 201 4) *Delivering the Better Care Fund in Counties*
[2] Ibid.

This twist was provided by entering into a unique strategic agreement with Deloitte, which has allowed Hampshire to develop best practice business solutions faster, to be challenged further and to retain strategic ownership.

The modernisation programme has resulted in the creation of an Integrated Business Centre (IBC), bringing together transactional HR, Finance and Procurement functions. The IBC has enabled H3 – joint partnership working between the County Council, Hampshire Constabulary and Hampshire Fire and Rescue Services, the first collaboration of its kind in England. H3 will deliver shared arrangements across a range of back office services to deliver efficiencies and tangible service improvements.

SECTION 2: ADDITIONAL EXAMPLES RELATING TO THE CALL FOR EVIDENCE THEMES

Information sharing:

Multi-agency support to children and families through the **Troubled Families programme** is reliant on timely and secure information sharing between agencies; however, data sharing is often highlighted as one of the most challenging aspects of programme implementation. Councils have been finding innovative solutions; for example, **Hampshire CC and Hampshire Constabulary** have developed a secure web based system called SafetyNet to provide a single point of access for family plans, facilitate information sharing and track outcomes at the family level. Similarly, **Buckinghamshire CC** has established an Insight Function which brings together partners to examine evidence and generate insights to inform service redesign through 'qualitative lab' sessions. The function maintains a live service database and dashboard. Despite these and other similar innovations, Troubled Families teams have reported difficulty accessing pupil data from academies in a timely manner, health data and some central government data, for example accessing and verifying DWP data.

Digitalisation:

Surrey County Council is working in partnership with its District and Borough councils to provide county-wide telecare services, thereby delaying or preventing moves to residential care and, in some cases, removing the need for more costly care packages. Surrey has sought to raise awareness and increase take up of telecare services by offering a free 12 week trial of the community alarm and telecare sensors and, for residents who are already community alarm customers, providing telecare sensors at no additional cost. Both offers are funded from pooled health and care budgets set aside for projects that benefit residents by cutting across organisational boundaries. Success hinged on successful partnership working between the County Council and 10 participating Borough and District Councils, which in turn depended on a shared vision and co-designed approaches to performance monitoring. The involvement of adult social care, fire and rescue services and voluntary organisations has also been important, for example the fire and rescue service is piloting a telecare home visiting response trial which involves responding to telecare alerts. During 2013-14, 3,296 referrals were received and 5,427 items of telecare equipment installed. There are also examples of lives saved through linked smoke alarms and help being provided quickly following a fall.

Patchwork is a web based application that connects professionals working with vulnerable children and families, enabling them to share contact details, record agency involvement with a family and raise 'concern' flags to co-ordinate involvement around families and improve safeguarding. **Surrey County Council** is piloting the use of Patchwork in Mole Valley with a view to rolling it out county-wide. 344 multi-agency frontline staff are already registered as users within the District. As well as being simple and secure to use, Patchwork is helping to deliver better connected services to families. Alongside training and new procedures, the digital platform is supporting a change in partnership working, culture and practice through Surrey's Family Support Programme.

New models of service delivery:

Utilising the powers of the Localism Act and the idea of employee 'spin-outs', **Royal Borough of Windsor and Maidenhead** has worked with staff to create a Community Enterprise Ltd with its external funding team. Hitherto based within the council, the team is now set up as a social enterprise contracted by the Royal Borough to provide a local Development and Funding Service that markets its services to a variety of statutory, voluntary and third sector providers. For its leisure services, the Royal Borough has pursued a Trust approach, working closely with communities to develop an arrangement that will protect valued services whilst opening up funding opportunities currently denied to the council and generating funds to reinvest in services.

Central Bedfordshire Council has embraced the academy agenda to reduce spend on education improvement services and, since 2009, has reduced spend by around £12m, most of which has come from education services and yet Ofsted outcomes and educational results are on an upward trajectory. Central Bedfordshire's highly successful Teaching School has played an important role in ensuring these positive outcomes and delivering education services on behalf of the council.

Robert Bloomfield Academy was designated a Teaching School in April 2012 within the Central Bedfordshire Teaching School Partnership. The school brokers support offered by National Leaders of Education, Local Leaders of Education and Specialist Leaders of Education to schools to raise educational standards.

Green Machine is a gardening / DIY social enterprise initially set up as a community interest company by **Bracknell Forest council** in 2009 which became independent of the council in 2011. The company was created to offer real employment opportunities to disabled and disadvantaged people, who make up 40% of employees. Green Machine events give disabled / disadvantaged people opportunities to develop skills and confidence by working as part of a larger team at major music festivals. Since 2010 Green Machine has worked at 10 events with the involvement of 62 people who are disabled / disadvantaged and in 2011 over 200 people volunteered with Green Machine at various festivals. In 2012, the company launched a Repaint service, which reuses paint left at household refuse centres. Having won a Repaint contract, the company is growing turnover annually.

Buckinghamshire County Council has established a new education charity, Buckinghamshire Learning Trust, to deliver school improvement and educational support services in Buckinghamshire and surrounding areas. The 'user mutual' has a Service Level Agreement with the County Council to deliver performance outcomes in return for grant funding and expected benefits include improved outcomes for children and enhanced school-to-school support mechanisms. The Trust was expected to deliver £637,000 savings to the council in 2013-14 and a real recurring saving of £111k from 2014/15 and £90k from 2016/17. It is anticipated that the project will return a positive incremental net present value of £2.4m for the council over 5 years, with payback within the first 2 years (based on an initial investment requirement of £500k).

Shared Services

'Our space not my space' was the shared ethos that drove the creation of **Havant Public Service Plaza**, a joint initiative undertaken by **Havant Borough Council and Hampshire County Council**. The Plaza co-locates public services under one roof, improving collaboration across departments and providing the community with access to services through one central point of contact. At a cost of £9.7m, the plaza was delivered on time and on budget.

South Oxfordshire and Vale of White Horse District Councils agreed to implement a shared management structure in 2008, an arrangement that delivered employment cost savings of £3.9m between 2007/8 and 2011/12. The arrangements have increased operational resilience and improved delivery, for example the accuracy of revenue and benefit claims increased in Vale of White horse from 79% in 2008/9 to 93.3% in 2011/12. Key success factors include:
- Similarity and proximity of the two organisations.
- Willingness of officers and councillors to collaborate, putting aside purely local interests 'for the greater good'.
- Visible senior leadership at Chief Executive and Leader levels.
- Ability to lay aside concerns about 'sovereignty' and 'take over' to pursue integration.
- Working hard at culture change and implementing the structure quickly to prevent long periods of uncertainty.

The authorities have worked hard at overcoming challenges, including supporting staff with very high workloads during transition, working through technical detail – ranging from HR policies to deciding on which operating systems to use – and making sure shared staffing arrangements were supported by joint infrastructure, e.g. ICT platforms.

Co-production

Carebank is a collaborative scheme between **Royal Borough of Windsor and Maidenhead and the Royal Voluntary Service** that allows volunteers to exchange volunteering hours for rewards using a unique IT system that matches volunteers with service users, including those not eligible for statutory support but who would benefit from social contact to reduce isolation and depression in old age. An evaluation of the pilot scheme, which ran between April 2012 and April 2013, showed that Carebank resulted in a shift in the traditional demographic of volunteers, attracting new, slightly younger volunteers. It is also estimated that the pilot delivered between £1.2 - £1.3 for every £1 invested, as well as generating wider social benefits. Carebank now has over 60 volunteers and 170 service users and has succeeded in improving the involvement of volunteers, developing community-based support mechanisms, strengthening community ties and delivering cost savings.

South East England Councils (SEEC) was established in 2009. It is a membership organisation representing all tiers of local authority. The SEEC area covers Berkshire, Buckinghamshire, East and West Sussex, Hampshire, Isle of Wight, Kent, Oxfordshire and Surrey. SEEC's objectives are:

- To strive for a **fair funding deal** for the South East
- To promote the South East's position as a **leading global economy**
- To act as **single democratic voice** for South East interests
- To **monitor the pulse** of the South East.

SEEC is chaired by Cllr Gordon Keymer CBE, Leader of Tandridge District Council.
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South East Strategic Leaders (SESL) is a partnership of upper tier authorities committed to nurturing the engine room of the UK economy and promoting public service excellence. SESL supports its members to create the conditions within which individuals, communities and businesses thrive. We aim to:

- **Influence** – speaking with a stronger, united voice for South East strategic councils.
- **Inform** – producing robust evidence relevant to practice.
- **Inspire** – connecting people, sharing ideas, sparking innovation.

SESL is chaired by Cllr David Burbage MBE, Leader of Royal Borough of Windsor and Maidenhead.
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