



**Transforming public services and
closing the West Midlands public funding gap**



WEST MIDLANDS
COMBINED AUTHORITY

GROWING THE ECONOMY THROUGH A MIDLANDS ENGINE

BIRMINGHAM

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COVENTRY

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DUDLEY

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SANDWELL

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SOLIHULL

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WALSALL

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WOLVERHAMPTON



Executive Summary

Our aim is to drive up productivity in the public sector as well as the private sector. We need world class public services as well as world class businesses, and we know that better public services create a better environment for growth and private sector productivity.

The current system of public services is fragmented and over-centralised, and it too often fails to meet needs. The projected level of resources cannot deliver acceptable outcomes without radical reform. This is why we welcome the alignment of devolution discussions with the Spending Review. It provides the opportunity to change fundamentally the funding of public services through joined-up place-based budgets and a new approach to people and technology.

We therefore propose to take forward a long term transformation of the whole system of services in the area. Our strategic approach will deliver services that improve our citizens' capacity to live the life that matters to them geared towards preventing demand, reducing dependency and growing the capability and untapped assets in our communities. Our focus is on the whole system and optimising outcomes through re-designing services around the well-being and choices of our citizens, sharing resources and data, and embracing digitalisation.

We see three essential principles to public service

reform that will enable us to deliver better outcomes with reduced resources: focussing on outcomes (preventing costly negative outcomes), maximising value from the "public pound" (cost-effectiveness), and empowering citizens and staff. The critical enablers that we need to apply these principles effectively are: new integrated delivery models, a robust "experimental" approach to service reform, focussing on the "whole person" or "whole family", and making the best use of digitalisation.

Devolution is the vital foundation of reform. In order to focus on prevention, reducing demand and dependency we need to integrate services so that savings in one service can be reinvested in another and more efficient "whole system" models can be designed. But this cannot be done from Whitehall (though government can assist by joining up budgets such as for troubled families). This does not just mean money or functions. It also includes "data devolution" – a new approach to information sharing for both professionals and citizens to drive the delivery of better outcomes.

Our approach is a synthesis of a "big ticket" programme around troubled individuals and a programme of rapid-experimentation-and-scale-up. Our "big ticket" programme focuses on "troubled individuals" (those with complex needs such as offending, mental health and worklessness) – starting with three initial priority areas for reform. These should not be considered as isolated services – they all have

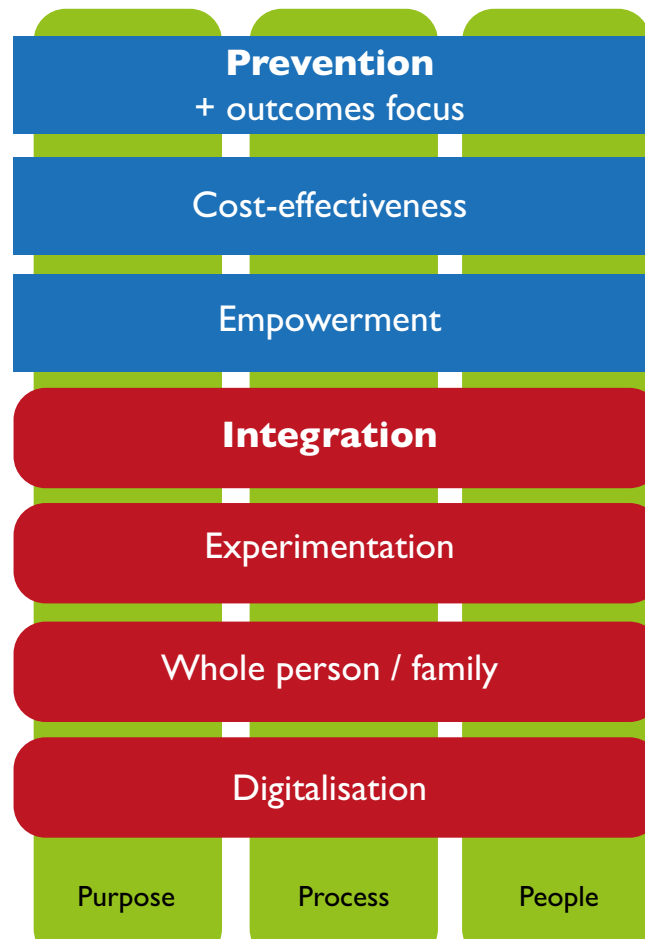
interconnections and they all form part of a “whole system” approach to change, re-engineering the system to reduce needs.

Our “experimental” approach will deliver improvement across a range of services, groups and areas, robustly and systematically testing out ideas and new approaches, measuring their impact, and growing what works.

Our approach is summarised in the diagram opposite.

Diagram 1: West Midlands CA Strategic Approach to Public Service Reform

The approach is designed on three principles (blue bars) supported by four enablers (red bars), delivered through three “pillars” (green columns) and two types of programme: “big ticket” work with troubled individuals and “experiments”. Devolution is foundational to this reform.



“Big Ticket” Programme Troubled Individuals

- Education to employment
- Mental health
- Offending

“Experimental” Programme

- Pilot and evaluate
- Local initiatives
- Scale up where proven



Transforming public services and closing the West Midlands public funding gap

Background

The recently published WMCA “Statement of Intent” sets out our ambition to create a world class economy in the region. It identifies the need to close the productivity gap and to reform public services.

Over the last 30 years we have tried a piecemeal and stop-start approach to the reform of individual public services: schools, social care, health, criminal justice, employment support, and housing. This has produced improvements in the performance of many institutions but hasn't transformed outcomes at a population level. We have better healthcare, but not a healthier population; we have better schools, but major skills gaps for employers; we have better early years provision, but not eliminated child poverty. With much still to do to improve population outcomes and reduce inequalities, many public services are facing significant budget reductions.

Meanwhile citizens' expectations of public services have continued to rise as the availability of information and use of new technology in the private sector delivers increased choice and personalised services. In the recently published guidelines for the Spending Review “A Country That Lives Within its Means” the Chancellor clearly signals both the need to transform public services to meet better the needs and expectations of citizens and at the same time the need for a significant reduction in funding to deliver those services.

The government has signalled the direction of travel of public services based on integration, radical reform, devolution and digitisation. This direction of travel builds on the 2011 White Paper “Open Public Services” which promises:

- Better outcomes
- Choice for local residents
- Enabling collaborative leadership
- Budgets linked to outcomes
- New delivery models and investment based upon evidence
- Improving outcomes to reduce overall spend

This prospectus sets out how the West Midlands intends to respond to these challenges in the context of the emergent Combined Authority and related devolution proposals by taking a new approach to service delivery, including people, technology and the sharing of data to empower our citizens. The West Midlands is a centre for world class manufacturing. This prospectus affirms and commits the region to the delivery of world class public services.

The Public Sector Challenge

The public sector faces increased demand for services, for example an aging demographic and also a rapidly growing young population. So the demand for services

is not just increasing, the market is segmenting; different groups need different services or services but delivered in different ways.

The nature of demand is also changing. For example, the volume of crime is down but the proportion relating to serious and complex (high harm) offending has gone up and gone online! In the context of welfare to work, a much higher proportion of work programme participants have multiple barriers preventing entry into the labour market that cannot be addressed by traditional service siloes. The public sector is therefore facing a perfect storm of decreasing resources with rising and changing demand.

The public sector continues to be data rich but information poor. The continued failure to share data effectively inhibits the development of data-driven policy. The provision of information and access to meaningful data, both to public sector professionals and to citizens themselves, needs to be addressed for service design to be genuinely based on the needs of the individual and for informed choices to be made by both citizens and professionals,

Additionally many citizens interact with a range of services and organisations; disconnection between services is a significant cause of inefficiencies and impacts negatively on outcomes. In the case of individuals or groups with complex dependencies, the inefficiency and negative impact on outcomes can be marked. For

example national research on troubled families showed that on average 22 professionals could be involved in working with one family.

There are too many examples where the current design of public services focuses on the component organisations rather than the whole citizen's journey. Some of the consequences of this include:

- Duplication in service provision adding costs and confusing the citizen
- Poor sequencing of interventions (eg rehabilitation of offenders and joining up support needs)
- Gaps in provision and lack of shared intelligence.

There are examples where these issues are being tackled. The Troubled Families Programme is effective as it focuses on the issues facing the family from their perspective as opposed to the perspective of services. The Total Place and Whole Place pilots have developed effective ways for radical but practical public service reform across a wide range of public services.

From these examples we have identified a set of principles and enablers which will drive public service reform in the West Midlands.

The tables below show how public service reform in the West Midlands will be delivered based on three principles (Box 1) and through four enablers (Box 2).



Box 1: Our three Principles of Public Service Reform

Prevention and Outcome Focus	<p>Decisions need to be made on the basis of optimising key shared outcomes, rather than just to individual service outcomes.</p> <p>This focus will lead to more preventative approaches, preventing or delaying high-cost negative outcomes for citizens.</p> <p>A high level outcome focus unifies collective effort across the public service landscape and encourages more collaborative behaviour.</p> <p>This will be supported by policy based on robust data and evidence shared across the West Midlands.</p>
Empowerment	<p>Making best use of the capabilities and assets of citizens and communities will be critical to future service design. “Everyone doing their bit” is the key ethos of this principle.</p> <p>Citizens need to have the capacity to access the information that they need to make choices.</p> <p>Professionals need to be empowered to design and deliver services from the perspective of the citizen with the citizen.</p>
Cost-effectiveness	<p>Decision making needs to focus on optimising the use of the “public pound” rather than each individual organisation’s budget.</p> <p>We will work with Government and partners to establish clear baselines for current spending, avoid double counting of savings and effectively model the costs and benefits of interventions.</p> <p>We will look to develop financial modelling that will enable us to move towards cost-effective earlier intervention and investment in preventative activity to deliver long term savings.</p>

Box 2: Our four Enablers of Public Service Reform

Integration New integrated delivery models	An integrated, coordinated and sequenced approach to joint working across agencies and sectors.
Experimentation Building a robust evidence base	<p>Systematic experimentation will underpin our reform. Effective public services need experimental, learning organisations – robustly and systematically testing things out, measuring them, and growing what works.</p> <p>Programme and service design will be based on evidence, building new capability in the region to access, build and use robust evidence.</p> <p>Partners have significant capacity in this area, and we intend to collaborate together and with local universities to further develop and more effectively and apply these capabilities.</p> <p>We want to work with central government (eg HMT, DWP, MoJ and DCLG's Troubled Families Unit) to develop effective data capture and sharing, and robust cost-benefit evaluations.</p>
Whole Person With a focus on the whole person or family	There is now strong evidence for adopting a “whole person” and “whole family” approach to complex problems, building services and support around individuals and families rather organising and planning than through service siloes.
Digitalisation	We will pursue new cost-efficiencies through digitalisation. The new capabilities of digitalised services, the 'internet of things' and 'smart cities' will enable new and more cost-effective ways of delivering services and supporting key outcomes.

¹ “Primary components” are structural features that should not be modified, since they are central to the delivery of the evidence-based programme and relate to the “active ingredients” or mechanisms that make a particular approach effective.



Public services are delivered by a range of organisations. Each of those organisations and the workforce within them is by and large accountable vertically to the next level of authority. This “chain of command” often extends to a national level and is reinforced by separate inspection, budget and financial accountability arrangements.

However citizens interact across a range of services. The citizen's journey flows from organisation to organisation, having to negotiate their path through the system. Public sector reform needs to focus on these citizen pathways. The more complex a citizen's needs are, the more the inefficiencies and hand offs in the current system have a detrimental impact on outcomes.

The principles of public sector reform are self-evident. They are however much harder to put into practice. The primary reason for that is the significant and ingrained organisational focus that dominates service delivery. There are numerous examples of these principles being put into effect and with significant improvements on both outcomes and efficiency but the problem is the examples remain just that - examples! Taking these principles to scale is a central public sector challenge.

The public sector is well versed in making efficiencies, often taking the form of doing less for less or indeed doing more for less. Taking out costs, applying technology, and co-production reducing waste are familiar concepts. In the main these have been applied to increasing the productivity of existing solutions. Often effective and not to be devalued, this approach in itself is unlikely to result in raising productivity and outcomes sufficiently to meet

the current challenges.

A more radical approach is required to deliver different, better and lower cost public services. We need innovation that delivers much better public outcomes for much lower cost. Radical changes to the efficiency and effectiveness of public services will be delivered through three key elements of design: purpose, processes and people.

Purpose – clarity on the really key outcomes our citizens are looking for, and hence what we aim to achieve.

Process – designing the delivery system to achieve that purpose. This includes a rigorous understanding of demand, performance and evidence-based interventions.

People – treating customers as citizens who “do their bit” with the assets they have. Developing our workforce to champion the new approaches and solutions that reach out beyond their specific organisations, developing 21st Century Public Servants.

Transforming Public Sector Productivity in the West Midlands

The twin goals of driving up outcomes whilst reducing delivery costs is the West Midlands public sector productivity challenge.

Our approach to public service reform is a big culture change in the WMCA area. We are therefore adopting a twin track approach of regionwide reform and bottom-up experimentation.

Our twin track approach is as follows:

Big Ticket Programme: A programme of well evidenced interventions and service re-design to support “troubled individuals”, building in robust evaluation and learning, supported by a whole place budget.

Experimentation: Smaller activities that are well founded but built small, tested and scaled up. These will be directly owned from the bottom up. By testing at a scale commensurate with risk, and building in robust evaluation, we will learn and improve quickly.

Our work will be underpinned by robust evidence and evaluation, so that we continuously know what is working and can learn and adapt. We will work with our local universities to ensure academic rigour; expertise and independence is built into these assessments.

We are working with the University of Birmingham's new City Regional Economic Development Institute to establish a **Global Institute for Insight into Economic**

Futures and Public Sector Reform. This will develop leading academic thinking on dynamic economic impact modelling alongside a longitudinal framework for evidencing the impact and outcomes resulting from social policy shifts and new models of public services.

We have started a research programme with the University of Birmingham's Institute of Local Government Studies, to develop approaches for councils and partners to more effectively access, create and use research and evaluation in public service reform. This work, led by a senior officer seconded from a local council, is linking with cutting-edge LGA, SOLACE and ESRC work on “knowledge navigation” for local authorities.

Big Ticket Programme

Our “Big Ticket” Programme for individuals with complex needs. We see great benefit in building on the success of the Troubled Families Programme by using this approach to re-design how individuals with multiple and complex problems can be enabled to lead better lives at significantly reduced cost to the public purse. Further details of our proposed approach to Troubled Individuals can be found in Appendix 1, including our three specific initial “asks” of Government.

Three specific “big ticket” areas have been identified in our initial devolution proposals (see summary in Box 3 below).



Box 3: Initial “Big Ticket” Areas

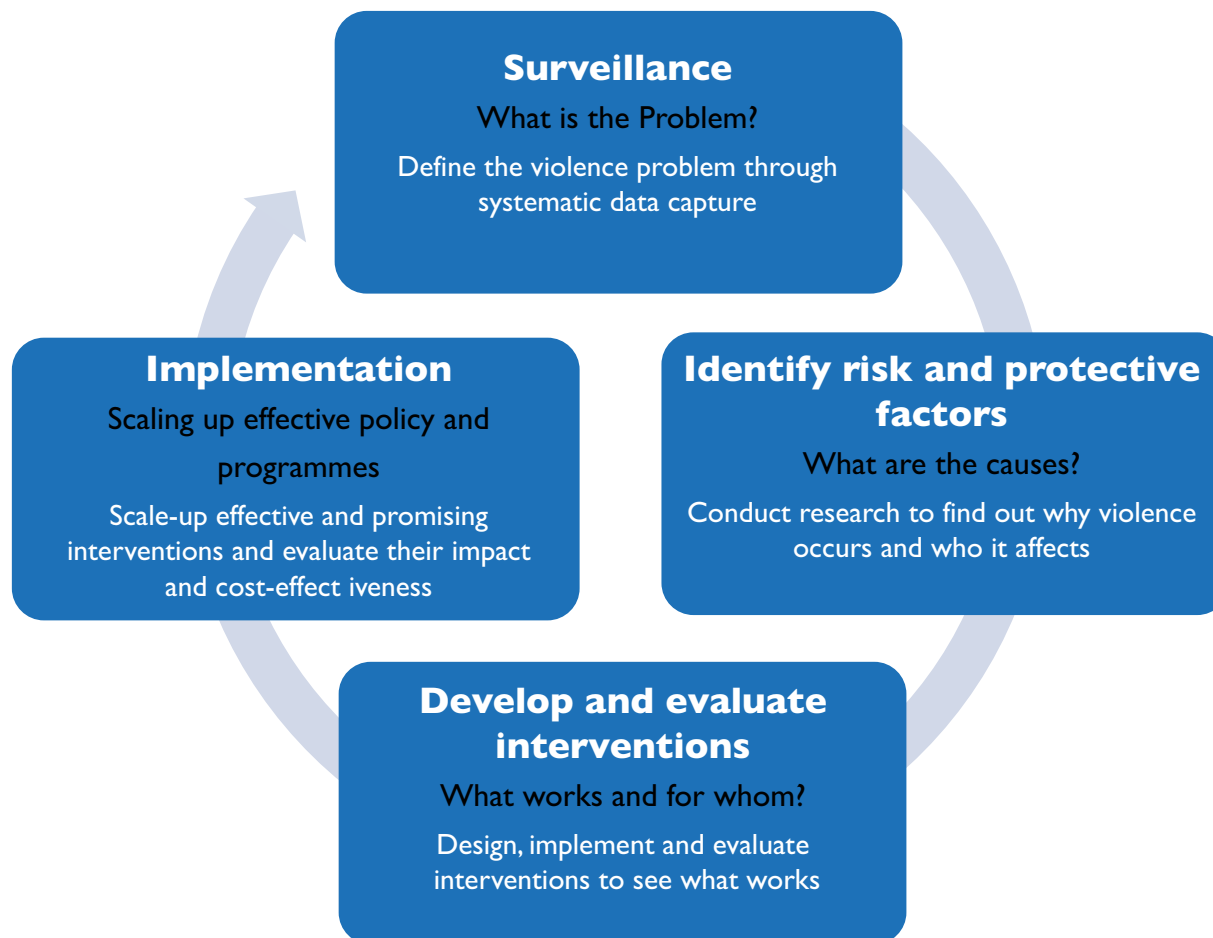
Education, Employment & Skills	Addressing the poor skills in the workforce and exclusion of some groups from participation in the labour market. We will simplify and re-focus the education, employment and skills system. Strengthen the connectivity between supply and demand for skills. Completely redesign employment and skills services with devolution of employment and skills funding and alignment with the WMCA Employment and Skills Strategy.
Mental Health	Poor mental health and wellbeing is a significant driver of demand for public services and has an adverse impact on productivity, with clear links to both the offending and the employment and skills agendas. We will establish a Commission which will identify an evidenced-based approach to service re-design. This work connects with existing working including the developing NHS Vanguard in the region.
Devolving criminal justice	We want to re-engineer the youth criminal justice system to be much more preventative through evidence-based programmes such as early and non-judicial intervention with offenders to reduce re-offending.

Experimentation

We will encourage an experimental approach, using an evidence-based cycle of initiatives to promote and encourage local work on the “scale up” ethos (see Diagram 2 below). WM partners are familiar with this Public Health model which we have adopted as the ethos of the West Midlands Violence Prevention Alliance. It grasps the notion of understanding problems well, looking beyond symptoms, developing and controlling interventions and then scaling up.

Diagram 2: Evidence-based “scale-up cycle” example

The diagram uses the example of preventing violence.





Driving the Change

The Public Sector Reform Board will report to the Public Sector Leaders Board and undertake the following functions:

1. Support and challenge public sector organisations to adopt the principles set out in this paper
2. Manage the “big ticket” reform programmes including the interconnectivity of issues eg Mental Health and Skills, Education & Employment.
3. Develop and nurture the capacity to reform within the region in order to up skill the workforce and reinforce the cultural change that radical reform requires
4. Support and ensure decision making is evidenced-based and builds on best practice with robust evaluation of progress and outcomes (including further developing research and analysis capabilities)
5. Monitor and report on public sector productivity within the region to demonstrate the progress of reform.

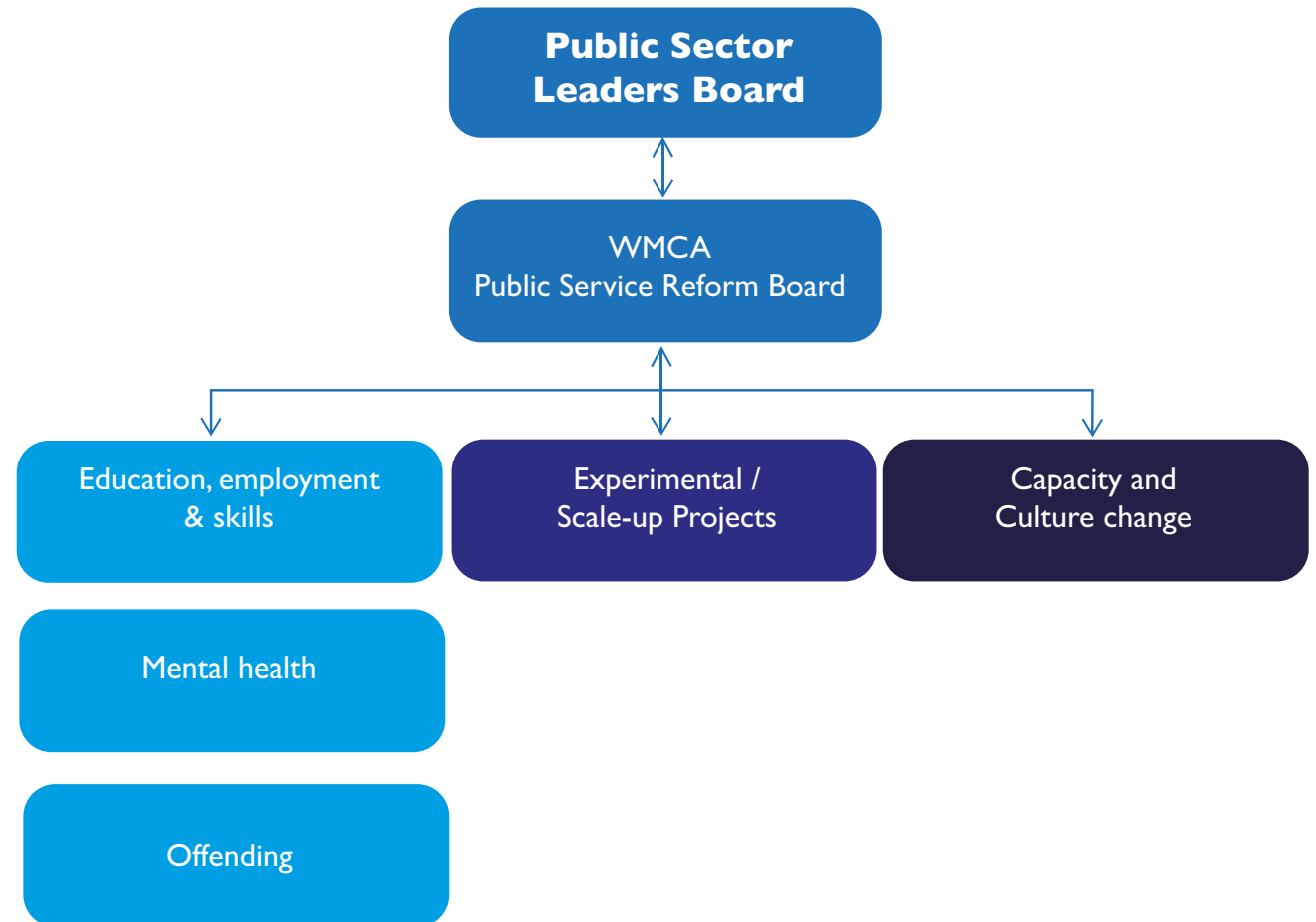


Diagram 3: Public Sector Reform Board

Appendix I: From “Troubled Families” to “Troubled Individuals”

Introduction

The Troubled Families Programme is delivering one of the toughest public service challenges set by government - transforming the lives of families with multiple and complex problems. These are families who have an average of nine significant problems, including domestic violence, unemployment, mental illness, substance misuse and poor school attendance.

Local councils and their partners have delivered this programme with undoubted success, turning around the lives of 120,000 families nationally. That's 120,000 families with children back in school, young offenders committing significantly less crime, reduced levels of antisocial behaviour across the family and over 10,000 adults in sustained work.

The Troubled Families Programme is about reforming the way that public services work with these families in order to improve their outcomes and, in so doing, reducing the significant cost to the public purse that these families bring.

The Proposition

We recognise that troubled individuals are a significant source of repeat demand and also among the 'hardest to help' for each of our public sector reform “big ticket” areas of education, employment and skills, mental health

and offending. Developing approaches which enable troubled individuals to improve their lives while reducing cost to the public purse will, therefore, be a watermark that runs through our work across the Big Ticket Programme areas.

We see great benefit in building on the success of the Troubled Families Programme by using the same approach to identify how individuals with multiple and complex problems can be enabled to lead better lives at significantly reduced cost to the public purse. We propose to focus on individuals who are not part of families with children or who don't meet the troubled families criteria but who have multiple problems of homelessness, substance misuse, offending, mental health and worklessness. We have chosen these issues as evidence demonstrates that together they are high cost and can be difficult to address and that housing is a key building block in creating some stability to be able to tackle the other issues.

- In the West Midlands, we have a significant track record of success based on implementing integrated approaches to working with cohorts of people with complex problems:
- All seven West Midland councils are in the top ten in the country for reducing re-offending rates.
- Street triage (a partnership between police and mental health services) identified realisable savings of 11,824 police hours, £472,960 through reduced A&E



attendance and £715,900 through reduced S136 MHA referrals and assessment.

- Success in turning around families through the troubled families programme with many nationally recognised examples of good practice.

We also have a significant evidence base around the benefits of earlier intervention and prevention. Mapping work in Solihull showed that 3 per cent of the area's families were receiving 18 per cent of the local authority's spend while the attached example from the West Midlands Police 2020 programme illustrates the potential human and cost benefits of a preventative model.

Our approach is drawn from the Troubled Families programme as well as our strategic approach to public service reform:

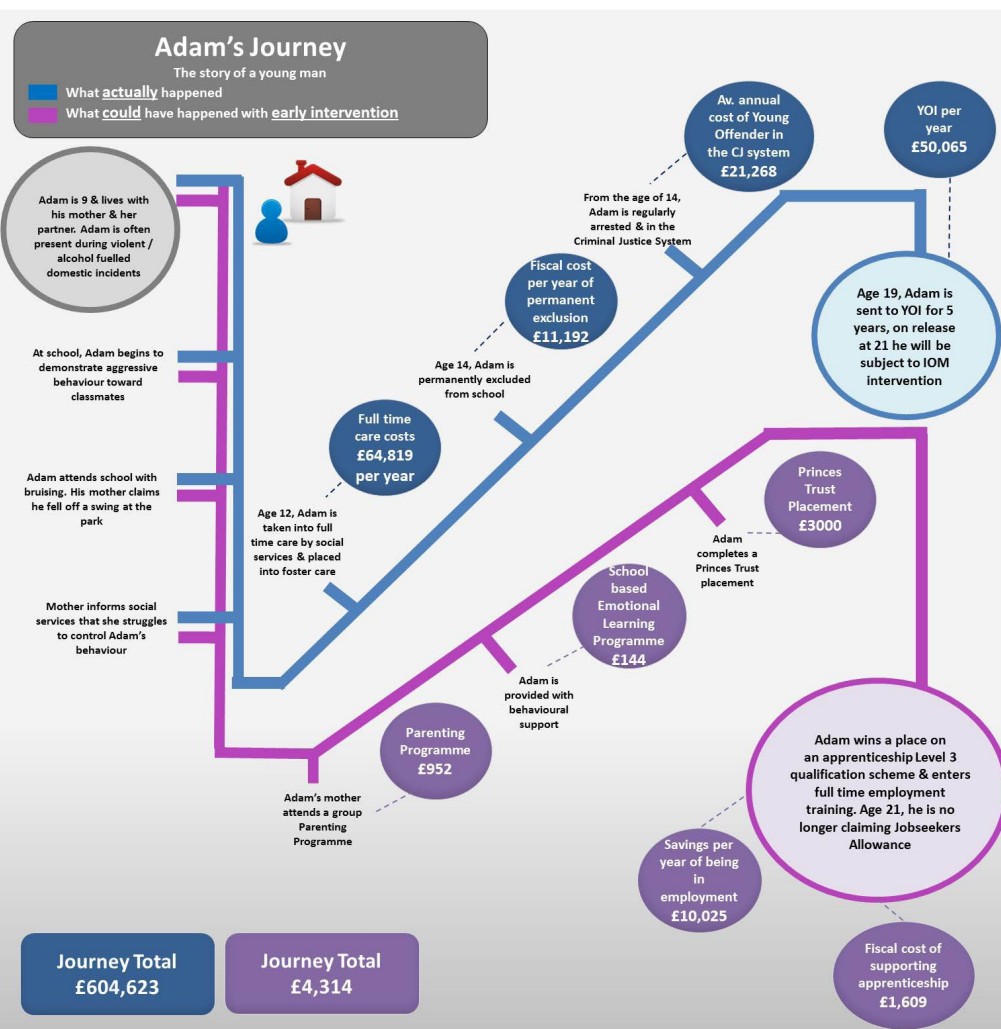
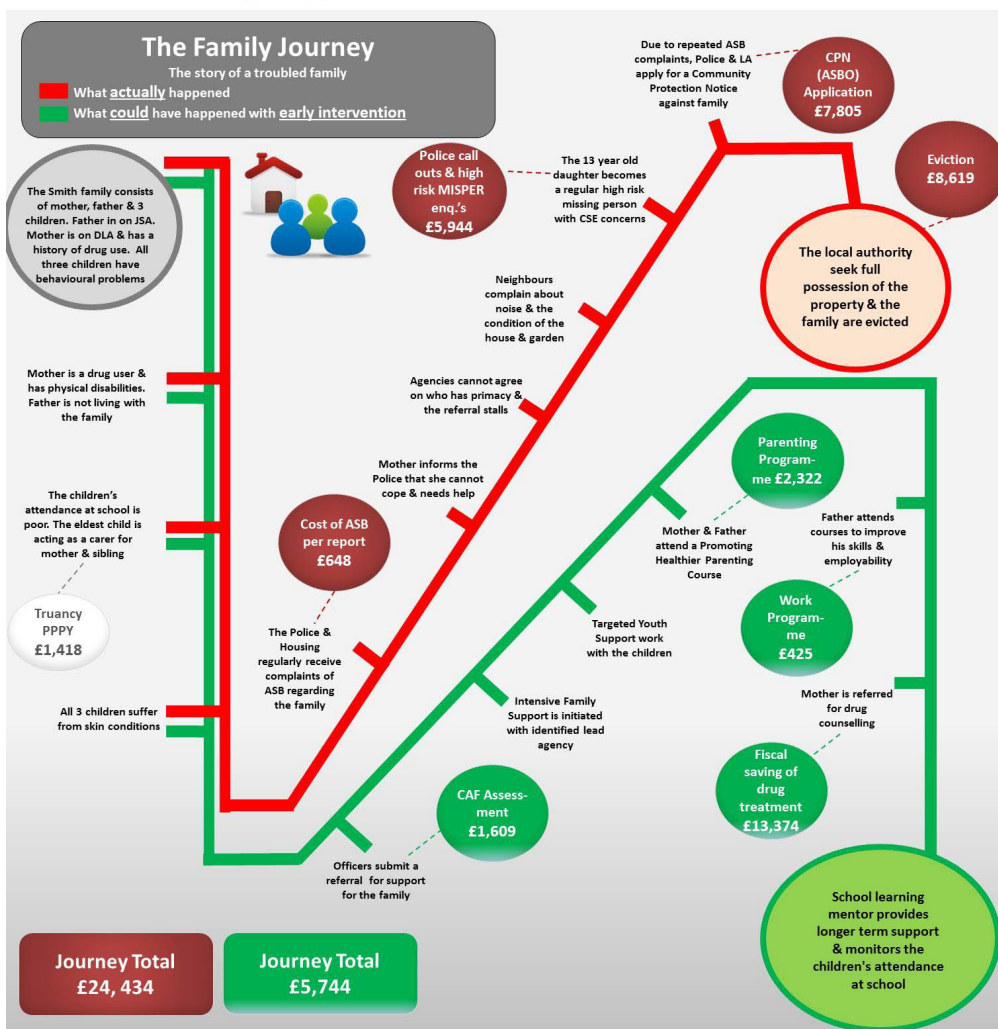
- Intelligence Led – Using data to identify individuals with multiple and complex problems including homelessness, substance misuse offending, mental health and worklessness.
- Building on What Works and scaling up existing effective integrated approaches.
- Relationship and Asset Based – A personalised approach built on a relationship with a key worker which starts with what people can do (as opposed to what they can't), using this to build their skills and confidence and overcome barriers.

We welcome the opportunity to work with Government to co-design and implement an effective approach to 'Troubled Individuals'. We have three particular 'asks' of Government at this stage:

- Data devolution - working with Government Departments and the Information Commissioner to overcome barriers to using data to identify troubled individuals – this is particularly an issue for health data.
- Engaging with TFU, MoJ, DFE, DWP, Department of Health, the Home Office, HMRC and other relevant national partners to develop the programme.
- Joint analysis with Government to understand the costs of current arrangements working with this group, the potential savings from a more systematic approach and to pilot the creation of a place-based budget for Troubled Individuals.

PREVENTATIVE POLICING

Scenarios Illustrating the Potential Benefits of Intervention & a Preventative Approach to Policing





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