

Making best use of scarce resources



Key messages

- Effectively challenge your service and partners on productivity by being well informed on levels of demand, unit costs, quality and comparative performance.
- Monitor volatile areas of high cost, demand led funding.
- Champion the shift towards prevention and early intervention at all stages of a child's life.
- Build on learning from community budgets and payment by results and from national programmes such as the Troubled Families initiative.
- Children's services are a high-profile area and, when schools are included, constitute over 30 per cent of a council's budget.
- In the current economic climate there needs to be a shift beyond efficiency to remodelling services. It is vital to engage with partner agencies, the voluntary and community sector to reduce costs. Prevention and early intervention need to be at the heart of any new service delivery models.
- The lead member for children's services (LMCS) is accountable to the local community for delivering improved outcomes for children and families while also improving productivity and value for money to meet the financial challenges ahead.
- Alongside the requirement to make ongoing efficiency savings, councils are facing various policy changes, for example in education, including the Raising of the Participation Age, integrated education health and care plans and benefit changes. It is important to understand the impact of these on children's services.

Early help

When problems first arise in families, early help is not only beneficial for children but essential for making the best use of resources. The evidence from the LGA Productivity Programme, 'Better for Less', indicates that transforming services to be more preventative and better targeted is the starting point for reducing the cost base.

Making a shift in how the budget is distributed and investing in prevention will reduce demand for high-cost services and help build sustainability into budgets. Savings have been made by councils who have strengthened their commissioning arrangements and invested in preventative measures.

A number of existing centrally directed grants to support services for children, young people and families have ended in recent years. Some have been absorbed into the general local authority grant settlement for example the former Early Intervention Grant. Although this gives greater flexibility and freedom at local level to respond to local needs it is estimated that the funding available has decreased by 25 per cent.

Other funding has been transferred directly to schools through the Dedicated School Grant or DSG (for example the former extended schools funding), or is administered as part of the DSG, for example, early years funding.

The Pupil Premium is available for children entitled to Free School Meals, children looked after and children who have been adopted. An Early Years Pupil Premium for disadvantaged three and four year olds and 'participation' funding for disadvantaged two years old is also to be introduced. The Pupil Premium is allocated directly into school budgets, with the purpose of supporting their achievement and narrowing the attainment gap with other children. The funding is not ring-fenced and schools have broad discretion in its use.

Troubled families

The Government estimates that £8 billion is spent on 120,000 families with multiple problems, facing issues which can be intergenerational and on-going. Support is often uncoordinated, reactive and costly to a range of public services such as police, local authorities, health, housing and probation.

The Government therefore invested £448m in a national Troubled Families programme, offering incentives to all upper tier authorities to turn around the lives of the specific group of families.

The programme was launched in 2012. Councils were allocated a target number of families by the national Troubled Families Unit. Funding has been given by the government to start the initiative, with an expectation of match funding provided through a local partnership of the council and other related agencies. The national focus of the programme is to:

- get children back into school
- reduce youth crime and anti-social behaviour
- put adults on a path back to work
- reduce the high costs these families place on the public sector each year.

Local partnerships are encouraged to include locally determined objectives, and to work with families in ways the evidence shows is more effective, such as:

- joining up local services
- dealing with each family's problems as a whole rather than responding to each problem, or person, separately
- appointing a single key worker to get to grips with the family's problems and work intensively with them to change their lives for the better for the long term
- using a mix of methods that support families and challenge poor behaviour.

There is a payment by results reward grant on the basis of what is achieved within the first three years of the programme, the number of target families actively worked with, and whether the national and locally defined outcomes are achieved for these families.

The original programme was funded to support families with school age children and was expanded during 2014 to also include families with children under the age of five. The Spending Review 2013 announced that the programme would be expanded to work with 400,000 more families from 2015 to 2020, with £200 million of funding for 2015 to 2016.

As well as expanding from working with school-age children to those under 5, the wider programme will also have a particular focus on improving poor health, which is a particular problem in troubled families, with 71 per cent having a physical health problem and 46 per cent a mental health concern.

51 top performing authorities were given additional funding during the 2014/15 financial year to begin work with the expanded cohort of families.

Personalisation

Services are becoming more personalised and focus on identifying and meeting individual needs. To support this, some authorities are devolving budgets to lead professionals. There is also a move towards giving service users more control over the type of services they want and who provides these services. Direct payments to children with disabilities and their families is an example. These developments will have a big impact on the way budgets are planned and managed. Adoptive parents are also entitled to a personal budget for any support services they might need.

Commissioning

The partnership landscape is changing and although children's trusts are no longer statutory the requirement to work in partnership remains, including commissioning services for children across the range of needs. Many authorities have moved to a children and young people partnership some with early help and families as a focus.

Joint funding is an essential element in effective joint commissioning. Successful joint funding can help to reduce overheads and generate economies of scale, bringing greater efficiency. It is important to explore ways to work more closely with partners and other providers in the voluntary, community and private sector – and particularly with health – to develop markets, shape new services and divert people away from acute services, where appropriate.

In the current economic context, services may have to be offered in very different ways, attempting to combine benefit to the user and cost savings. New models of delivering services can include:

- outsourcing
- mutuals
- transfer to voluntary sector
- community asset transfers.

The Government has indicated that it expects to see many new models of commissioning and service delivery. Developing such models will require a clear understanding of the relative cost implications of different options. Commissioning for outcomes rather than outputs will help to ensure that resources are being used to have a real impact on children and families.

Productivity support

The first step to improving productivity is breaking down the costs of services, both on an individual child and family level and also the service as a whole. Knowing what impact services can achieve is also important so that different services can be compared to identify which services provide the best outcomes for children and families for the best price. This is particularly essential for commissioning. LMCSs need to know:

- unit cost of services
- cost of delivering the service for each individual child or family – many service users will draw on a range of services provided by different providers and service sectors, so it can be useful to cost the package of services that individuals receive.
- cost of producing outcomes – this is a difficult area – in the case of early help the impact is achieved over the long term.
- benchmarking data on cost, quality and outcomes
- good practice examples from other councils.
- the range of partner agencies also supporting the child, and what each of them is best placed to provide.

Procurement

Over 50 per cent of all council spending is on goods and services bought from the private and voluntary and community sectors. Productive councils procure smartly and are working together at regional and sub-regional levels through consortia, and using a range of approaches that drive down costs.

Payment by results

There have been various attempts by government, and by councils, to initiate a payment by results approach in contracting local services. An evaluation of the trial payment by results in children's centres between September 2011 and March 2013 was published in June 2014.

It highlighted a number of flaws, including a poor match between the national measures and objectives of the scheme, poor incentives to change service delivery through lower reward payments as well as insufficient timeframes between the national model being announced and implemented at the local level.

Payment by results is also being used as part of the Troubled Families initiative. The NHS has used a 'payment by results' model for some time and has found this to be effective in improving productivity and providing a fairer funding framework.

Questions to consider

Have you been provided with the appropriate cost, performance and benchmarking information to enable you to effectively challenge your children's services team and partners about productivity?

Have you identified the volatile areas of high spend such as placements for looked after children, provision for children and young people with learning disabilities, home to school and SEN transport?

Are your services and partnership working shifting towards early intervention and prevention models to drive down demand for social care?

Transport procurement for home to school and special needs also requires strong commissioning and procurement, with tailored packages for some children with special needs.

Is your council using the development of joint funding, pooled budgets and integrated services to eliminate duplication and maximise the use of available resources, for example, people, buildings and other assets?

Do your budget and commissioning strategies with partners reflect key priorities and the objectives set out in the local children and young people's plan?

Is your budget for children's services sufficient for the council to meet its statutory duties? Does it provide value overall, and is it cost-effective in terms of unit costs, delivering quality and securing good outcomes for children and young people?

Have proposals to change levels of service or how they are delivered been the subject of proper consultation internally and externally and impact assessed?

Do you have effective performance indicators reported to members on a regular basis?

Do you know how you are performing compared to others?

Is the service meeting its agreed outputs and outcomes?

What outputs do you get for your money? Are you confident that you are getting value for money?

Have you looked at different options for delivering the service, including asking service users and providers?

Are you confident that good practice has been sought and learning shared?

Useful resources

Productivity programme

www.local.gov.uk/local-productivity

LG Inform: improving services through information

www.local.gov.uk/about-lginform

Online cost calculator for children's services

www.ccfcs.org.uk/

Safeguarding children peer reviews

www.local.gov.uk/safeguarding-children-peer-reviews

The Troubled Families Programme

www.gov.uk/government/policies/helping-troubled-families-turn-their-lives-around/activity



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