



Surrey Services for Young People Transformation Project, explained:

A better use of public money

Garath Symonds, Assistant Director for Young People

February 2010

Family, neighbourhood, community are the Core Economy. The Core Economy produces: love and caring to each other's rescue, democracy and social justice. It is time to invest in rebuilding the Core Economy.

Edgar Cahn

Services for young people in the county council include the Youth Development Service, the Inclusion Service, Youth Justice and the Connexions Services. These services are predominately aimed at young people aged 13-19 years and aim to prevent a range of negative events in teenagers lives and provide informal educational opportunities. The Voluntary, Community and Faith Sector (VCFS) also provide a range of youth services in the community, as do some of the borough and districts and schools, through their extended services.

What are we aiming to do?

The council has decided to ‘transform’ its services and its community leadership in the entire youth sector. We are doing this by changing how we do business moving from a service delivery model of operation to a commissioning model. Commissioning is about assigning resources or money to need; in other words it’s about turning resources into outcomes. For a commissioner it’s all about outcomes and not much else. This focus allows the commissioner to make a real difference and make better use of public money. We have set up a project called the ‘Services for Young People Transformation Project’ (ideas for a snappy title on the back of a postcard please). This project is about managing the change process from one way of doing business to

“**Business transformation** is a key executive management initiative that attempts to align people, process and technology more closely with the organisation’s strategy and vision to support and help innovative new business strategies.”

another – that’s business transformation.

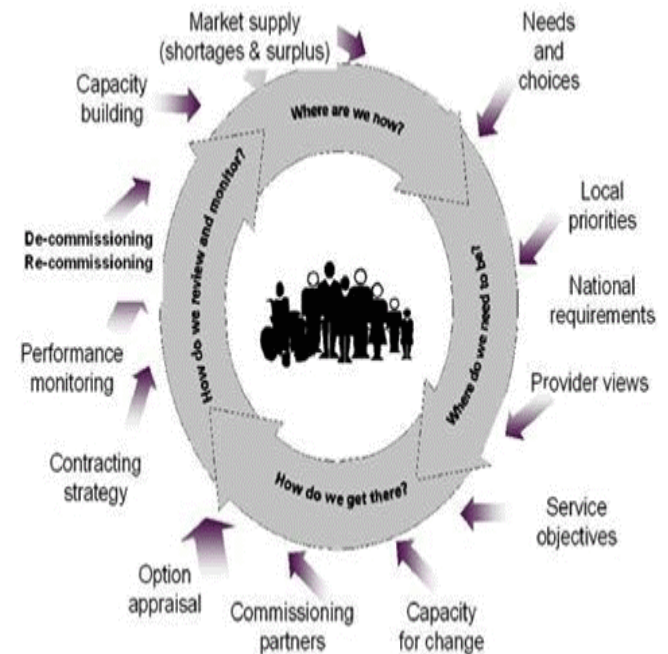
Why?

We are changing how we do business in order to improve outcomes for young people. Improving outcomes for teenagers in the county is our primary reason for transforming services. At the same time we have to spend less money than we are currently.

Commissioning

Commissioning is a cycle of resource allocation; commissioning, de-commissioning and re-commissioning based on changing need, customer experience and performance of providers. The focus is on outcomes not services.

Commissioning cycle



The project

Project management allows us to control change, to ensure that we finish our transformation journey intact as a team and a

partnership. Like any project we have broken the work up into manageable chunks or milestones. The first chunk of work is called the 'Needs Assessment'.

The project will be in three phases; phase one includes the production of the needs assessment, outcomes framework and initial options appraisal. Phase two is about the production of the full business case; this is when the service is redesigned. Phase three is when the new design will be implemented or built the project will take about two years.

Needs Assessment

The commissioning process starts with an assessment of need. During this part of the project the team will gather data, information and views on the needs of Surrey young people. This will include a review of the youth policy context and statutory duties held by Surrey County Council. We'll look at data in relation to the challenges that young people may experience growing up in Surrey, such as not being in education, training or employment, drugs, alcohol, poor mental health, bullying, lack of positive activities, poor access to support services and lack of access to leisure and recreation activities. The team will consider demographic, economic and social information as it pertains to the youth population. The needs assessment will include an assessment of current performance, the cost of the service and the cost or success and failure. Crucially, we want to listen to young people and understand what they want. And of course we aim to consult with elected members and other partners.

Outcomes

Commissioning outcomes is not the same as providing services. If we become a commissioner of outcomes we won't do activities that do not directly contribute to outcomes for young people. Sounds good? However, it will mean we will stop doing some or many activities that some hold dear; this is called de-commissioning. We will fill out fewer forms, attend fewer meetings, there'll be less auditing and more trust. Focussing on outcomes means a big change there may be functions (jobs) in local government that we simply do not need any more. The needs assessment will almost prescribe our outcomes by telling us what are the real problems that young people in Surrey face. The needs assessment will also tell us how well we are doing as a partnership in addressing this need. From the needs assessment we will draft an outcomes framework and then consult with young people, professionals, members and the wider community on what the priorities should be.

Co-production means delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours. Where activities are co-produced in this way, both services and neighbourhoods become far more effective agents of change.

Some outcomes will be mandatory in that they reflect government indicators or targets that may be funded specifically. We will also need to

align this outcomes framework with those set out in the *Surrey Children's Alliance* Children and Young People's Plan (CYPP). Once we have an agreed set of outcomes for young people we can move on to the next part of the project.

Initial options appraisal

The options appraisal is the tricky bit but also the fun bit; this is when we start to redesign our services. The starting point is to *imagine there are no services*. Reform in local government in the last 20 years has not resulted in significantly different ways of doing business and we have spent a lot of public money trying to do it. The approach we are proposing is not borrowed from the private sector it is one that puts young people at the heart of the solution in equal partnership with professionals co producing services.

In practice we will take the agreed outcomes for young people and co-produce the service that delivers them. An example of this might be to say to young people 'here's £2 million now design your own local youth services'. We would of course support and enable this process but the theory is young people will come up with a better and more efficient way of delivering outcomes than professionals on their own. This changes the role of the Local Authority making us more of a local enabler; perhaps appropriate as our authority diminishes as our budgets dwindle.

The initial options appraisal will also be a written report to Cabinet that proposes how to deliver outcomes through co-production. It will set out the implication and considerations for change. At this stage we will present *Plan B*. *Plan B* will be a zero based budget (ZZB). A ZZB will assume that we'll do things much the same as before but with some savings and

efficiencies, reducing duplication, doing things cheaper but not radical re-design. We will present a set of budgets that balance, reducing duplication and scaling down operations into the decreasing financial envelope. At this point we will benchmark our cost of service with the lowest in the country for a comparable county council. The Cabinet will be presented with an initial options appraisal and will be invited to decide on the next steps.

Go or no go?

In project management we call this sort of decision a 'gate' when the project authority can decide 'go or no go' to a proposal. If the decision is 'no go' then officers will draw up a plan to implement *Plan B* in affect downsizing our operations to fit into the available cash envelope. If the Cabinet decision is 'go' then the next stage of the project will kick in.

Full business case

Developing the business case means re-designing services. Our approach will be co-production but in order to become a commissioning organisation we will have to change our service model. The re-design will probably take about three months – the implementation of the plan will take about one year. The business case will involve costing new operating models, market testing and assessing the potential of these new approaches in delivering the agreed outcomes. This will be a very detailed document to support the massive change required. The plan will consider things like creating new social enterprises or Charitable Incorporated Organisations (CIO), new contracts with the voluntary sector, the establishment of local community networks, lead professionals holding individual budgets and asset transfer of our built estate. We will

commission (or assign resource to need) on a countywide (whole population), local (borough, district, neighbourhood, target group) and individual (personalised) level. Commissioning does not mean the devolution of budgets to boroughs and districts. It does mean local communities control local resources when local commissioning (and not whole-county or individual) is the best option.

Crucially the business case will set out the costs and benefits of the options to the decision makers.

Then what?

Having completed the full business case we will take it to cabinet for decision. This will be the chance for the council to say no and to instruct officers to implement *Plan B*. Doing nothing is not an option given the imperative to reduce costs. In saying yes the cabinet will be agreeing to an approach that is somewhat untested but at the cutting edge of public sector reform. In accepting a co-produced solution to meeting the needs of Surrey citizens the council will be deciding to deliver services in a very different way. There maybe huge organisational change in the integration of teams of different professionals and may be the council will cease to employ professionals who work with young people at all. Given that the council approves the business case the next job is to manage the transition from our current operating model to whatever the new one will be. This will be a period of considerable upheaval and risk when we will have to provide significant support to our staff – performance may also get worse before it gets better.

Local Delivery Plans

Early in the current administration the Leader of the County Council Dr Andrew Povey asked that Local Area Committees approve all youth delivery plans. Soon after this officers began to draw up drafts of what these plans could look like. The first step was to consult with the Leader who expressed he was comfortable with the approach but asked that a timetable of local youth provision be included. Officers then wrote to Chairmen of Local Area Committees to explain the process that included meeting with all Chairmen in November and December of 2009 to take councillor colleagues through the plan.

Their feedback was taken on board and a summary of the feedback was sent out in January 2010. At this stage there was some consensus with the proposed planning format. The Assistant Director for Young People will be presenting these plans and the future strategy to committees throughout February and March. These plans are not transformational, they are a description of business as usual, the operations that the services have routinely delivered over a number of years. These plans will not deliver the transformational change described in this paper – becoming a commissioner of outcomes will. These plans should be seen as a start to a process of change and the start of improved dialogue and local engagement but in isolation do not represent 'localism'. Increasing local control in the configuration and co-production

“The public become, not the passive recipients of state services, but the active agents of their own life. They are trusted to make the right choices for themselves and their families. They become doers, not the done-for.”

David Cameron,
2007

of locally commissioned services is a central objective of this project. By focussing energy on improving operations as they are currently configured could divert capacity away from this transformation project. IE if we focus on continuous improvement¹ we will not have the capacity to do business transformation.

The financial challenge

HM Treasury's guidance defines value for money as "the optimum combination of whole-of-life costs and quality (or fitness for purpose) of the good or service to meet the user's requirement". The Treasury Green Book goes on to emphasise that VFM "is not the lowest cost bid", but that "wider social and environmental costs and benefits for which there is no market price also need to be brought into the assessment."

The public sector faces a financial challenge; there is £804 billion national debt and a £60 billion deficit in the local government pension scheme in England and Wales. Surrey has its own challenges as well as its share of the national problem. Volumes of cases of children with complex needs are rising; the cost of educating, accommodating or transporting these children is a considerable pressure on the council's resources. In 2009/10 Services for Young People have been asked to save £6

¹ **Continuous Improvement (CI)** is an ongoing effort to improve products, services or processes. These efforts seek "incremental" improvement over time. <http://en.wikipedia.org/>, 2010.

million of an £18.4 million budget. This means that our cost of service will be £12.4 million by 2013/14. Our hope was that cuts and efficiencies could be avoided before 2012/13 in order to transform the service first and deliver savings without cutting. However, this looks increasingly unlikely as the financial reality bites. In 2010/11 the Services for Young People budget has been reduced by £1.8 million giving us a cash limit of £16.6 million. There is no guarantee that further savings won't be taken in 2011/12 the work to minimise the impact of these reductions will happen concurrent to the transformation process.

The danger in the cost efficiency game is that it becomes a 'race to the bottom'. Shorter-term horizons are fed by ever narrowing outputs; this compounded by the current economic situation. To save money the public sector often assumes that services will remain essentially unchanged – doing the same thing, only trying to do it more cheaply – rather than focussing on the far reaching reforms that prevent needs arising and provide better outcomes. If public services are to become genuinely more efficient they must focus on maximising outcomes defined in terms of public benefit rather than merely minimising costs, and move upstream to tackle problems before they come critical. We need radical innovation so that public services can make real inroads into tackling prevention, reducing demand for expensive critical services. Any narrow focus on 'efficiency' inadvertently undermines this possibility. The current model for public sector reform focuses attention on easily costed and easily delivered changes, siphoning attention and money away from preventive interventions, which are often more difficult to model. It is quite possible for agencies to deliver services that meet a wide range of targets yet still fail to improve

outcomes for those that are supposed to benefit.

In commissioning outcomes we may need to acknowledge that investment in one part of the system may accrue savings in another. For example reducing the number of young people who are NEET improves their health outcomes although the associated financial benefit will not be realised by local government but in the health service. This view is reflected in the idea of *Total Place* and the notion of whole place commissioning where budgets for public services could be pooled to allow the most cost effective delivery model.

Consider: In a youth club in Runnymede a toilet roll holder breaks. The centre manager, an officer of the county, goes through a complex and time consuming process to get someone to come out and fix the problem. Eventually, an engineer from the county's FM contractor comes to fix the problem and it costs £400.

Imagine: That the club isn't owned by SCC but by a social enterprise. The manager doesn't have to enter into a complex and difficult process (indicative of big organisations) but asks a local retired man to do this simple repair. He does so for no charge, as he's a mate of someone on the management committee, picking up the part from the local hardware store. Whilst doing the repair the centre manager mentions a local NEET young person looking for work. The man offers to help by asking his son in law; a local tradesman to take the boy on. What's important with this 'hypothetical' example is the use of a social network that results in a range of social benefits including a local man feeling that he has made a contribution to his community and a local boy accessing a job opportunity. And the loo roll holder only cost £2.99.

Benefits

The benefits of commissioning are considerable when your priority is outcomes for citizens, commissioning outcomes means only doing activities that result in better outcomes for young people. Such an approach may not fit a bureaucratic organisational model like a council – it may be that third sector organisations are better placed to provide co-produced flexible community located services. If councils get out of the service provision business there will no longer be a need for us to support large numbers of staff, building and IT systems and if organisations such as those in the voluntary sector can provide these sorts of support services cheaper then there may be an opportunity to save money. Local government's obsession with centralising back-office functions in an attempt to reduce unit cost may create inefficient organisations where people at the so-called 'frontline' are increasingly disconnected from the people supporting them. The most cost effective way of supporting organisations may not be big and corporate it may be small and local. If a voluntary sector agency can put a youth worker on the ground at a fraction of the cost of what we spend on Human Resource Management, IT systems and estates and Facilities Management why don't we let them?

When commissioning outcomes we should also consider the Social Return on Investment (SROI). SROI was developed from social accounting and cost-benefit analysis it is a framework for measuring and accounting for 'value'; it seeks to reduce inequality, environmental degradation and improving well being by incorporating social, environmental and economic costs and benefits. This triple bottom line is not about valuing money

although a £ value is given to returns as it is a widely accepted way of conveying value and cost. The commissioning approach will deliver a social return on investment in a way that traditional service provision simply can't.

By empowering young people locally through co-production we create services that are valued by the public because they designed and built them in partnership with professionals freed from the shackles of local government process and bureaucracy. No longer will we produce 140 page output specifications that specify the height and nature of signage to be displayed outside a Connexion Centre; rather we will commission a provider to prevent and reduce numbers of NEET² young people and to co-produce the solution to the problem with young people, schools, teachers, governors and the wider community.

“Parenting classes have been shown to work, and for every £1 spent by the council, £4 comes back to the public sector. But only £1 of this comes back to the council itself, so if we spend £1 to save £1 – that’s OK, but not exciting. And other partners get £3 back, for no action. So we are starting to have conversations about how we can get more payback.”

Jason Lowther, Director of Policy and Delivery, Birmingham City Council

If we focus on outcomes in this way we will reduce the cost of procurement and contract

² London School of Economics research shows that the average young person not in education, training or employment (NEET) will cost the taxpayer £97,000 during their lifetime.

<http://www.idea.gov.uk/riseofneets/> October 2009.

management considerable. That is not to say that managing the market is not important – to a commissioner it is vital. Commissioning views procurement as part of its cycle and embraces the notion of ‘category management’ where duplication is minimised and competition drives value. The key benefit to the commissioning approach is that outcomes for young people will improve. Because delivery is not the production of a report or policy, a meeting or the even the operation of a service, it is a tangible result or improvement in a person’s life that can be measured in terms of a public benefit. Through commissioning outcomes and co-production at county, local and individual level the Local Authority can become a local enabler and truly deliver on its role as a community leader.

Project governance

The Services for Young People Transformation Project has a project board that is made up of three cabinet members, a voluntary sector consortium leader, a private sector provider, three young people and a senior internal supplier. The needs assessment, outcomes framework, initial options appraisal and full business case will all go to Schools and Learning Select Committee for challenge and feedback. The project reports to Surrey’s Public Value Review steering group chaired by the Deputy Leader and there is a Schools and Learning Scrutiny Task Force established to specifically scrutinise the project. The needs assessment, outcomes framework, initial options appraisal and full business case will also go to each Local Area Committee and the Surrey Children’s Alliance for consultation. The outcomes framework, initial options appraisal and full business case will go to Cabinet for decision.

Consultation (co-production)

The project team will deliver a range of co-production events engaging young people in the co-design and then production of services for young people. We will use the Web to consult and engage and hold a range of surgeries and seminars for staff and partners. There will also be newsletters and email communication to keep stakeholders informed of progress.

Commissioning strategy

One more thing... We are going to need a commissioning strategy that sets out our approach to commissioning, our standards and policy, our theory of change. Our approach will reflect what is in this paper in some greater detail, our standards will include things like we expect professionals to be able to recognise when young people are at risk and know what to do when a young person makes a disclosure. Co-production is about valuing users as assets not de-valuing professionals; we are not proposing that unqualified people will be managing services nor are we avoiding responsibility and accountability, the strategy will explain this further. Other standards may include quality standards in relation to work with young people particularly the most vulnerable and the council's statutory duties. Our commissioning policy will describe the sort of delivery options we are open to – at this stage that means anything that improves outcomes for young people for less cost.

Project timetable

Milestone	Due	Status
Project set up	Dec 2009	✓
Project Initiation Document (PID) approval	Jan 2010	✓
Needs Assessment + commissioning strategy	Apr 2010	
Outcomes agreed	Apr 2010	
Initial options appraisal	May 2010	
Full business case	Oct 2010	
Implementation	Apr 2012	
End of Project	Dec 2012	