

SURREY COUNTY COUNCIL**CABINET****DATE: 4 FEBRUARY 2014****REPORT OF: MR DAVID HODGE, LEADER OF THE COUNCIL****LEAD OFFICER: DAVID MCNULTY, CHIEF EXECUTIVE****SUBJECT: PUBLIC SERVICE TRANSFORMATION****SUMMARY OF ISSUE:**

Partners in Surrey have a shared ambition to transform services and outcomes for Surrey residents. The vision is that by working together more effectively across the public sector, partners will shift services away from an emphasis on high cost responses towards prevention and earlier intervention. The intention is for services to deliver better value for money and improved outcomes for Surrey residents.

This ambition has been strongly endorsed by central Government. Surrey is one of only nine areas in the country to be included in the Public Service Transformation Network which is providing active support to the work underway.

On 22 October 2013 Cabinet agreed five outline business cases as part of the public service transformation programme, and asked officers to continue developing business cases for further consideration at the February 2014 Cabinet meeting. This report provides a progress update. Due to the markedly different nature of each strand the businesses cases are at different stages of development, however each represents significant progress towards the ambition agreed with partners and endorsed by Cabinet.

The work to date has identified additional resource requirements for limited specialist support to the public service transformation programme over the coming two years. This investment will enable further development and implementation of the proposals and the delivery of improved outcomes and savings.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. agrees the next steps for each of the public service transformation strands as outlined within this report and Annex 1 and asks for the final partnership endorsed business cases for each of the individual projects, to be brought back to Cabinet as they are ready;
2. agrees the broad approach and methodology taken for the cost benefit analyses and the business cases based on this methodology;
3. notes that £10m of efficiencies relating to Surrey County Council services' element of the public service transformation programme is included in the council's Medium Term Financial Plan(2014-19) from 2015/16 onwards and that progress towards delivery of these efficiencies will be monitored using the

same mechanism agreed for all MTFP(2014-19) efficiencies;

4. agrees to authorise the Health and Wellbeing Board, and the Cabinet Member for Public Health and Health and Wellbeing Board as co-chairman, to sign-off the 'draft' Surrey Better Care Fund plan for submission to NHS England;
5. agrees Surrey County Council commits an 'invest to save' funding of £300,000 for additional resources as outlined in paragraph 29, covering the period to March 2016;
6. asks the Chief Executive to work with partners to bring forward proposals for effective and appropriate governance arrangements.

REASON FOR RECOMMENDATIONS:

Partners in Surrey believe that working together more effectively will enable services to be transformed so as to give better value to Surrey residents.

The council is working closely with partners to develop its plans for public service transformation in Surrey, which forms a key part of its overall strategy to improve services and outcomes as well as delivery of its medium term financial strategy. The annexes represent significant progress towards the ambitions of the county council and its partners, providing a strong basis for further development of both the business cases and implementation plans.

DETAILS:

Background

1. The initial report to Cabinet on 23 July 2013 set out the background and approach to the council's public service transformation programme, working with key Surrey partners. The report asked officers to develop outline business cases for each of the strands for consideration at Cabinet in October 2013.
2. On 22 October 2013 Cabinet agreed five outline business cases as part of the programme, and asked officers to continue developing business cases for consideration at the 4 February 2014 Cabinet meeting, alongside the council's Medium Term Financial Plan(2014-19).
3. With support from the Public Service Transformation Network, the programme is adopting a sound methodology based on the experience of the four original community budget pilots in developing business cases and implementation plans in complex partnership environments. The outline business cases represented the first step in this process and formed a critical milestone, confirming that in each case there is sufficient scope for transformation, partner commitment to taking forward the work, and agreement across partners that there is potential for both savings and improved outcomes for residents.
4. The scope of the programme is wide and can only be delivered through collaborative working in a complex partnership environment. As is to be expected in a programme of this kind, both the nature of the strands and the progress level varies, and this is reflected in the documents for consideration. In each case significant progress has been made towards the ambition

agreed previously with partners and endorsed by Cabinet. Three documents are attached as Annex 1 to this report, with a summary of the contents set out in the next section:

- a. **Emergency Services Collaboration**
- b. **Extending the Family Support Programme**
- c. **Skills for the Future**

5. An overview of the work to date on the other three strands, **Health and Social Care Integration** (incorporating the **Dementia Friendly Surrey** strand), **Better Use of Public Sector Assets** and **Transforming Justice**, is provided in the section below.
6. The methodology used to develop the business cases has been endorsed by the Public Services Transformation Network. Partners in Surrey are confident it provides a sound approach. The approach, however, is an iterative process which is refined with each application of new data to the methodology. Work is ongoing with partners to access relevant local data and refine the business cases. At this stage, the financial figures in the business cases are largely illustrative and will be ratified as more robust data is applied.
7. The scale of ambition of the entire programme is high. Recognising the complexity of partnership engagement, delivery through to the point of benefits realisation is likely to take time in order to support rather than destabilise collaboration. In this context, ensuring that the scope of the work is sound and partnership commitment solid is a key step.
8. The programme is on track, and subject to Cabinet agreement, expected savings of £10m per annum from 2015/16 onwards have been included in the council's Medium Term Financial Plan(2014-19). This is an early indicative amount, reflecting the likely scale of potential financial benefits to the county council. Progress towards delivery of this benefit will be monitored using the same mechanism agreed for all benefits in the MTFP(2014-19).
9. Delivering savings from the public service transformation programme will not be straightforward, as the benefits of prevention and earlier intervention will accrue differently across partners. Investment agreements need to define fully both the levels of investment each partner will make, and the levels of financial benefits that will be delivered to each partner. The investment agreements will include both local partners and Government departments. Developing the detailed cost benefit analyses across the strands will be critical to understanding the investments and likely benefits across partners, before the investment agreements can be developed. There is no prescribed process for negotiating investment agreements with Central Government, which adds to the complexity of ensuring savings are shared with or returned to local partners.
10. Ongoing support from the Public Service Transformation Network will be required to support further development of the strands prior to negotiations locally and with Government.

Developments in the Programme

11. For the **Emergency Services Collaboration** strand, the scope of the work has been widened significantly with Sussex Police and East Sussex and West

Sussex Fire and Rescue Services agreeing to work in partnership with Surrey emergency services to transform services across both Surrey and Sussex. Collectively, these services cover an area of 2140 square miles and service 2.7 million residents.

12. The six joint emergency services Chiefs have agreed an ambitious programme of transformation, outlined in Annex 1, using a phased approach that takes account of existing change programmes. Within the five areas of transformation are shorter term projects which will commence from March 2014. These will deliver immediate benefits in terms of integrated responses, better outcomes for residents and start the cultural change process required to deliver the longer term vision. Work will continue to develop detailed business cases, using bespoke cost benefit analysis methodology being developed for this stand with the support of the Public Service Transformation Network.
13. In January 2014, Surrey Police were successful in securing £190,000 from the Home Office's Police Innovation Fund. The funding will support the introduction of the Multi-Agency Information Transfer (MAIT) system in the spring to link existing command and control systems across emergency services. This is a crucial foundation for enabling greater collaboration.
14. For the **Family Support Programme**, work has begun on developing a new delivery model. Following multi-agency meetings over the summer and autumn last year support was given to three key service design principles: multi-agency leadership, integrated systems and practice, and a whole family approach. An underpinning principle of the redesign is the creation of integrated and systematic networking arrangements rather than structural integration, which can be more quickly and easily achieved than a structural change that could easily be delayed by legal and financial complexities.
15. A preliminary cost benefit analysis has been prepared using the Public Service Transformation Network methodology. This preliminary exercise has been able to demonstrate that there is great potential to realise improved community outcomes and significant fiscal benefits (savings) through an integrated preventative approach to working with an increased number of families and households. Across all the identified outcomes for which data was available, the preliminary cost benefit analysis indicates a total potential fiscal benefit (cashable and non-cashable) over five years of between £15m and £25m, across partner agencies. For the purposes of this preliminary analysis a wide range of assumptions were used, and where local data was not available proxy data from national research or data from other community budget pilots was used. The cost of delivery is still to be confirmed.
16. Further work on the cost benefit analysis will be required to agree data assumptions across partners and increase levels of local data, to determine levels of cashability, and to determine how shared fiscal benefits are distributed across partner agencies. Work will also be required to calculate the costs of delivering any new service arrangements and contrast these with current costs. For the time being it is assumed that the costs of delivering the new integrated arrangements may be managed within existing costs and/or using invest to save (which would be the subject of a separate bid and repayment over time).

17. Work on the **Skills for the Future** strand has included ongoing engagement with young people, employers, schools and colleges to shape the programme alongside work to begin to define the fiscal, social and economic benefits through the cost benefit analysis. The proposed new delivery model includes three key components: high quality, integrated information, advice and guidance (IAG) for young people; local blended, flexible education pathways from Year 10 to Year 14, incorporating academic, professional and technical learning alongside core literacy, numeracy, computing and employability skills to better align with the needs of employers; local targeted support for young people aged 19 to 24, aligning the work of the Youth Support Service and Job Centre Plus to provide pathways to employment by addressing needs and developing confidence, self esteem and employability skills.
18. Strongly endorsed by the Surrey Employment and Skills Board, the new model aims to raise the employability skills of young people, supporting economic growth by providing skills to the workforce, promoting employment opportunities for young people and transforming the role of public services in working with young people and employers. The proposal is to pilot the changes in south west Surrey during 2014/15 and 2015/16, scaling up Surrey-wide from September 2016.
19. Estimated cashable savings to the public sector as a whole from Skills for the Future will reach £16m per annum at the end of 10 years. If full implementation begins in September 2016, in year net savings should start to accrue from 2018/19 i.e benefits exceed costs. The largest impact will be in a reduction of young people claiming benefits, contributing approximately £11m annually in cashable savings. The remaining cashable savings will come as a result of increased tax revenue from increased earnings and the impact **Skills for the Future** will have on the number of young people not in employment, education or training (NEET). The project will also bring estimated non-cashable economic benefits worth £2m to the economy as well as significant social benefits.
20. To achieve these savings will require public sector investment rising to approximately £10m per annum and £280,000 of one off initial development costs. About one third of the annual expenditure is to cover the costs of training for the substantially increased numbers of apprentices which will continue to be met by nationally funded programmes. A final business case which has been signed up to by all partners, will be brought to Cabinet, with recommendations.
21. The work on **Health and Social Care Integration** is progressing well. A new part of planning for the implementation is the Better Care Fund in 2015/16, with a transitional year in 2014/15. Previously named the Integration Transformation Fund, the aim of the Better Care Fund is to improve outcomes for vulnerable people through better integrated care and support, and a significant expansion of care in community settings.
22. Worth £3.8bn nationally in 2015/16, the Fund is not new money but an amalgamation of some existing funding streams alongside an expectation that Clinical Commissioning Groups (CCGs) will invest in community-based support, moving both activity and finance away from bed-based services in the acute sector and protect adult social care services. Surrey's share of the national figure is expected to be confirmed in the Final Local Government Financial Settlement as £71.4m, including both capital and revenue, with

some top slicing to Adult Social Care for Care Bill implementation and existing capital support, and district and borough councils for the Disabled Facilities Grant. There is also an expectation that previous support for carers' breaks and re-ablement will continue.

23. In guidance published on 20 December 2013, the LGA and NHS England set out six national conditions for the Fund:
- plans must be jointly agreed
 - protection for social care services (not spending)
 - seven day services to support discharge and prevent unnecessary admissions
 - better data-sharing between health and social care
 - a joint approach to assessments and care planning
 - agreement on the consequential impact of changes in the acute sector.
24. The Council has agreed with the CCGs that the required local plans will be drawn up on the basis that adult social care will gain £25m of benefit in 2015/16. Consequently, it is reasonable for the Council to set its budget plans accordingly for 2015/16, with reasonable prospects of that adjustment being built into the base: that depends on Government confirmation through future settlements that the BCF will be ongoing, as appears to be the intention, and future joint planning then continuing to generate the same scale of benefit to social care.
25. The LGA and NHS England's guidance on the Better Care Fund sets out the expectation that the plan will be agreed between the county council and Surrey's Clinical Commissioning Groups and will be signed off by the Health and Wellbeing Board. Planning is well underway with multi-agency workshops held in November and December in each of the local CCG areas. The draft, composite Surrey-wide plan must be submitted to NHS England by 14 February 2014, with the final version submitted as part of the overall NHS planning round by 4 April 2014. The draft plan is due to be agreed by the Health and Wellbeing Board on 6 February 2014. Cabinet will have the opportunity to consider the final version of the plan before it goes to the Health and Wellbeing Board for sign-off.
26. A key component of the **Health and Social Care Integration** strand is the work on **Dementia Friendly Surrey**. The proposed initiative, which will focus on North West Surrey, aims to build on the achievements of the existing Dementia Friendly Surrey programme. The initiative will target people at the early stages of dementia, who live alone, and are known to adult social care. The aim is to work with local communities to establish innovative and sustainable ways of using community assets to meet the needs of people living with dementia as well as their carers and consequently reduce the demand for statutory, high-cost services, particularly in the acute sector. Work has included ongoing engagement with the main public sector organisations in North West Surrey, including Ashford and St Peter's Hospital, North West Surrey CCG, and the four borough councils in the area. Work continues to

develop a cost benefit analysis and equalities impact assessment for the proposals.

27. The **Better Use of Public Sector Assets** strand will build on the leading role that the council is taking in the national Government Property Unit pilot addressing how councils and local partners can work more effectively with Government Departments and national agencies such as JCP and the courts service to maximise the opportunity for rationalisation and integration across property portfolios. Two projects are underway as part of this pilot in Spelthorne and Woking. Assets will also act as an enabler to the other strands in the programme, in particular where new models of delivery involve the integration and co-location of services, to reduce the collective property footprint and secure receipts and operational savings. Further work to identify the full range of opportunities across national and local partners is ongoing.
28. The work on the sixth strand, **Transforming Justice**, has now been sequenced to begin in the spring. The intention is to begin the detailed discussions with a focus on more integrated working and case coordination to reduce offending and reoffending, reducing costs to the police and criminal justice system.

Invest to save funding

29. The process of developing the business cases for each of the strands has identified areas where the council and partners require additional specialist capabilities in order to support the further development and implementation of the ambitious changes required. The three critical areas of support are communication and engagement, business analysis and evaluation and change management. Cabinet are asked to agree an 'invest to save' funding of £300,000 from Surrey County Council for these additional resources, covering the period to March 2016.
30. A resource has already been identified to develop and deliver a programme of communications and engagement for the programme, including internal OD as well as external consultation and engagement. This will support the programme through to full implementation at a cost of £100,000. Subject to securing invest to save funding, further resources will be secured to provide analysis of new delivery models, evaluate pilots, track benefits, manage interdependencies and support investment agreements, up to a cost of £100,000.
31. Partners have also identified the need for specialist support to manage the significant workforce development and cultural change that will be required to deliver this ambitious transformation programme across multiple organisations. Change of this nature takes time, and will require substantial organisational commitment and investment across all partners. Invest to save funding of up to £100,000 from the council will be used to kick start the process and set in place a framework for delivery.

Transformation Challenge Award funding

32. In October, the Government announced that Surrey County Council and East Sussex County Council had been successful in securing £750,000 from the Department for Communities and Local Government's Transformation Challenge Award. The joint bid secured support for both the development of

shared back office services across the two councils along with support to develop and implement the emergency services collaboration work.

33. The two councils are currently developing options for further extending and accelerating joint working across shared services, with a detailed plan to be agreed in the spring. The Transformation Challenge Award will be used to support this development in line with the bid.
34. The Award has also been allocated to resource a fulltime programme manager to support the emergency services collaboration through to implementation.

Governance

35. Due to the number of partners involved, the governance arrangements that support the programme are complex and dispersed, based largely around individual organisations rather than across the overarching programme. As proposals are developed and move towards implementation, there is a growing need to ensure that effective governance is in place that it is accountable, transparent and able to support robust decision-making.
36. Cabinet are invited to ask the Chief Executive to work with partner organisation to bring forward proposals for robust and appropriate governance arrangements for the public service transformation programme, including a process for strategic chief officer oversight.

<u>CONSULTATION:</u>

37. The proposals have been developed through a range of ongoing discussions and events involving Members and officers from across the council and partners, including through a Public Service Summit held on 9 January 2014. The Summit included more than 60 attendees and as well as providing an opportunity to hear about progress on each of the strands, demonstrated the level of commitment to this ambitious programme across multiple partners. As part of the Summit all county council Members were invited to a market place, which provided an opportunity to speak to those leading the strands and to network with partners.
38. Partner involvement has included Surrey District and Borough Councils, Surrey Clinical Commissioning Groups, Surrey Police, Sussex Police, the Police and Crime Commissioners for both Surrey and Sussex, Surrey and Sussex Probation Trust, South East Coast Ambulance Service, East Sussex Fire and Rescue Service and West Sussex Fire and Rescue Service.
39. Partners are also consulting and engaging through their own governance arrangements in order to ensure appropriate support for the proposals. Given the wide range of partners involved, this is crucial to ensuring the programme remains on track with the support of all those involved. Subject to Cabinet approval, further work to develop robust governance arrangements across the public service transformation programme will enable effective linkages to be made on consultation and engagement.
40. The Chief Executive provided a briefing to Cabinet and all Members in August, setting out the ambition and scope of the overall programme, and a further update in November. Cabinet Members have each taken responsibility

for strands which form part of their individual portfolios, recognising that there may be some overlap of responsibilities given the transformative nature of the proposals and the partnership approach. Appropriate arrangements will be made for Members to input to policy development and for scrutiny as the programme progresses.

RISK MANAGEMENT AND IMPLICATIONS:

41. At the overall programme level, a risk register is in place and the appropriate mitigating actions are being taken. As is to be expected for a programme of this size, scale and complexity, there are a number of risks. These relate in particular to capacity for delivery, the complexity of the programme, the timescales and speed of development and implementation, and the level of partnership engagement and commitment required.
42. Risks related to individual strands including potential risks associated with implementation and realisation of benefits have been set out within the individual outline business cases, and continue to be assessed and managed.
43. The programme overall is dependent on central government support in two key areas. Firstly, in a number of areas changes in national policy will be required to successfully deliver the programme. Secondly, central government support will be required to realise the benefits and ensure that some of the financial benefits of transformation accrue to local areas through investment agreements. Support from the Public Service Transformation Network will be required to negotiate with central Government on both of these critical areas.

Financial and Value for Money Implications

44. Public service transformation is intended to reduce public expenditure in an area by shifting the balance of resources away from reactive and acute services to early help and preventative services. The case for transformation is based on the potential for significant improvements in the effectiveness of local services, increased value for money and improved outcomes for residents.
45. The attached documents represent a significant step forward in the level of detailed financial analysis and modelling. However, figures are largely illustrative at this stage and further work will be required to determine where the potential benefits will accrue across partners and to develop investment and risk-sharing agreements both across local partners and with central Government.

Section 151 Officer Commentary

46. The approach and methodology being used to develop the business cases is supported and the progress towards illustrative costs and benefits welcomed. As an iterative process it is essential to refine the business cases further to substantiate the financial figures included in each business case and the MTFP (2014-19). In particular development of an investment agreement for each business case is a vital stage in this process.

47. As part of the approach it is crucial that draft service implementation plans will be developed which underpin the final business cases and that partners endorse the business cases and investment agreements.
48. Progress towards delivery of the net benefit to the County Council is reflected in the MTFP (2014-19) of £10m; this will be monitored using the same mechanism as will apply to other MTFP efficiencies during 2014/15.

Legal Implications – Monitoring Officer

49. At this early stage, there are no legal implications arising directly from this report. Potential legal implications are likely to emerge as part of the service design process during the further development of business cases, and will be addressed as part of the development of implementation plans. There will be a need to look at whether any consultation exercises will be relevant as the strands are developed and for these to be taken into account in any future decision making.

Equalities and Diversity

50. In making decisions about public service transformation, the Cabinet must comply with the Public Sector Equality Duty in section 149 of the Equality Act 2010 which requires it to have due regard to the need to:
 - “eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.”
51. Equality Impact Assessments have been completed as part of the development of the business cases and will be an ongoing process to inform decision-making as the business cases and subsequent implementation plans develop further. At this stage the programme is expected to have a positive impact on groups with protected characteristics, notably for young people and people with special education needs and disabilities.

Other Implications:

52. The potential implications for the council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out under the following headings. Public service transformation will improve outcomes for residents, including the most vulnerable such as children, and adults with dementia. The detailed implications will be assessed as part of the further development of business cases.

Corporate Parenting/Looked After Children:

53. A number of the proposals could have a positive impact on looked after children including the Family Support Programme, Skills for the Future and Transforming Justice.

Safeguarding responsibilities for vulnerable children and adults

54. A number of the proposals could have a positive impact on safeguarding responsibilities, through enhanced partnership working and whole systems approaches, including the Family Support Programme and Health and Social Care Integration.

Public Health

55. A number of the proposals could have a positive impact on public health including the Family Support Programme, Skills for the Future, Dementia Friendly Surrey, Health and Social Care Integration and Transforming Justice.

WHAT HAPPENS NEXT:

- The refinement and completion of business cases underpinned by service implementation plans for each strand with partners, supported by the Public Service Transformation Network.
- Progress toward the delivery of the net benefits will be monitored using the same mechanism as will apply to other MTFP efficiencies during 2014/15.
- Further discussions with partners and central Government to develop and secure investment agreements based upon the business cases.

Contact Officer:

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Consulted:

Leader and Deputy Leader
Cabinet
Surrey County Council Members
Council Leadership Team
Surrey Leaders
Surrey Chief Executives
Chief Finance Officer
Relevant Heads of Service
Senior managers and staff within Directorates
Police and Crime Commissioner/Chief Constable/Surrey Police
Police and Crime Commissioner/Chief Constable/Sussex Police
Surrey and Sussex Probation Trust
South East Coast Ambulance Service
Surrey Clinical Commissioning Groups
East Sussex Fire and Rescue Service
West Sussex Fire and Rescue Service
East Sussex County Council
West Sussex County Council
Public Service Transformation Network, Department for Communities and Local Government

Annexes:

Annex 1:

- a. Emergency Services Collaboration

- b. Extending the Family Support Programme
- c. Skills for the Future

Sources/background papers:

Reports to Cabinet on Public Service Transformation, 22 October and 23 July 2013.
