



**WEST MIDLANDS**  
COMBINED AUTHORITY

# Board Meeting

<b>Date</b>	9 December 2016
<b>Report title</b>	Public Service Reform
<b>Cabinet Member Portfolio Lead</b>	Councillor Steve Eling – Public Service Reform
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<b>Report to be/has been considered by</b>	WMCA Programme Board

## **Recommendation(s) for action or decision:**

### **The Combined Authority Board is recommended to:**

1. Agree the Public Service Reform future governance structure (section 3).
2. Support work to develop proposals for savings through collaborative working and economies of scale (section 6).

## 1.0 Purpose

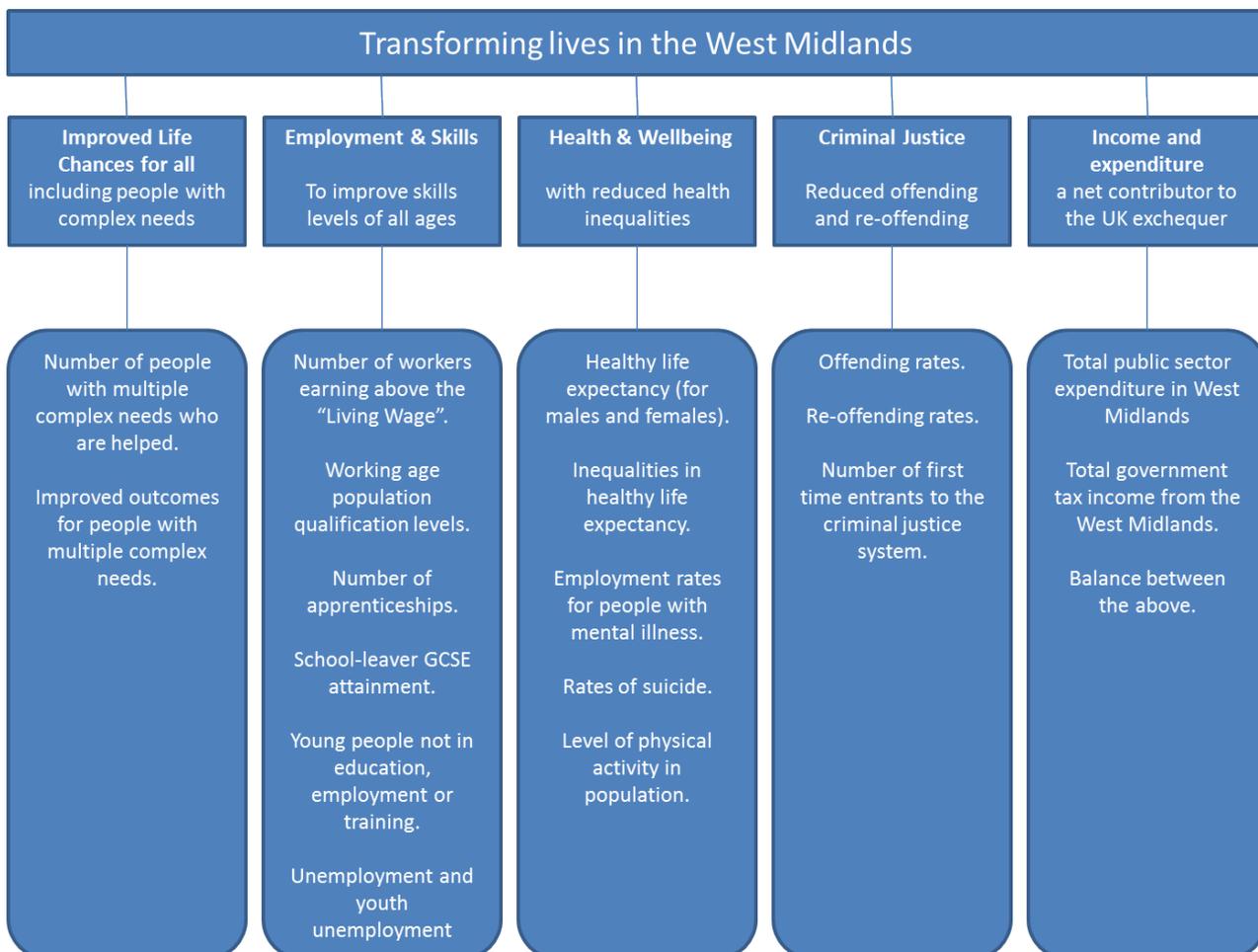
- 1.1 To agree the future governance structure for the WMCA Public Service Reform Programme and support work to develop proposals for savings through collaborative working and economies of scale
- 1.2 To agree the future governance structure for the WMCA Public Service Reform Programme enabling an integrated programme approach to accelerate momentum.

## 2.0 Background

### Long Term Vision

- 2.1 The Strategic Economic Plan refers to PSR as “transforming lives in the West Midlands” and sets out a clear vision and set of outcomes to be achieved.
- 2.2 The overall vision is to improve the life chances of WM residents. The four areas of initial focus are: people with multiple complex needs, employment & skills, health & wellbeing, and criminal justice (Diagram 1). These themes were selected because they relate to important social outcomes, major areas of public investment, and improvements are likely to require innovative ways of working across organisations in the region.

Diagram 1: WMCA Public Service Reform Vision and Outcomes



## *Economic Case*

2.3 Another important ambition of the PSR programme is to eliminate the gap between the costs of local public services and the tax generated by the local economy. This gap currently stands at around £4 billion per year. There are three proposed complementary approaches to delivery of this ambition:

- Increased tax revenue through growth in the economy. The SEP sets out clear targets for growth in GVA, which will be associated with significant net increases in employment and non-employment related tax income for the region.
- Early intervention and reduced dependency leading to lower overall public service costs. By taking a “whole place” approach to public service reform, built on joint investment, shared outcomes and preventative interventions, we will reduce the overall cost of public services.
- Leveraging social value from procurement. By taking a more systematic approach to social value across the procurement of the CA partners, we will access significant new resources to improve social outcomes in the region.

## *Progress in 2016*

2.4 During the year CA partners have made important early steps in taking forward its reform ambitions. In summary:

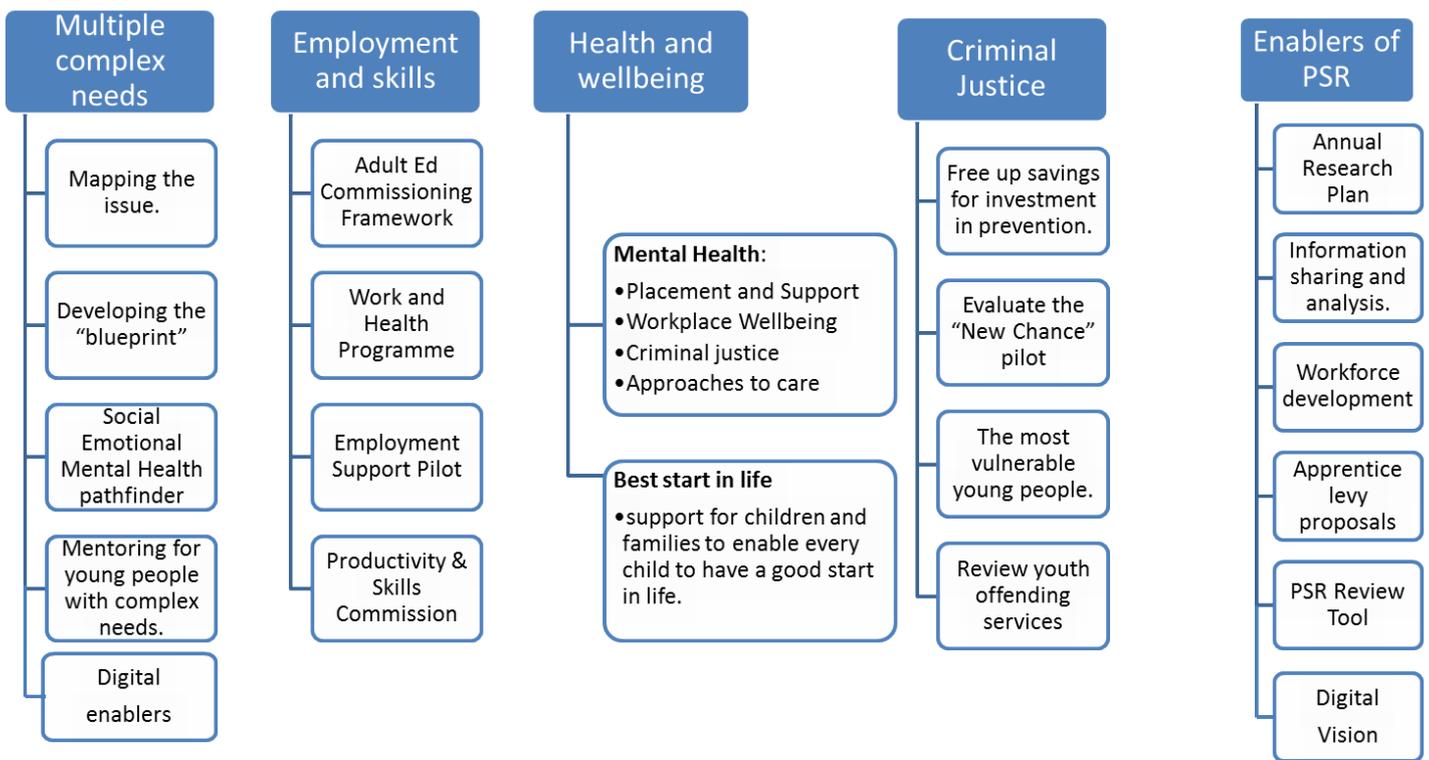
- **People with multiple complex needs:** Initial fieldwork focussed on understanding current services and user experiences has identified issues around over-complicated systems of services focused on single problems, poor information sharing, and limited emphasis on building resilience. A pilot of intensive support to particularly vulnerable children in five schools is in preparation.
- **Employment and skills:** The focus has been on setting up the Productivity & Skills Commission and delivering commitments outlined within the Devolution Agreement: preparing for devolution of the Adult Education Budget and co-design of the DWP Work & Health Programme.
- **Health and wellbeing:** The Mental Health Commission will report soon. We are also starting to work on a cross-cutting agenda which will focus local government, health, police, third and private sector organisations and other resources to design new support and services to support the “best start in life” for young people in the region.
- **Criminal Justice:** The focus for the criminal justice work is on reducing repeat offending by those with particular vulnerabilities – specifically young people and women offenders. There are clear ways to reduce re-offending in these groups (e.g. through accommodation and employment) but we need to find ways to fund these additional interventions through re-cycling savings generated for the wider criminal justice system. A pilot of new support to prevent re-offending by female offenders is underway in two areas.

2.5 In addition the PSR programme is working on the “enablers” of reform including financial arrangements (arguing for devolution of national transformation funding to the region, and virtual pooled budgets for the criminal justice system), workforce development (with an externally funded secondment of the lead academic behind the University of Birmingham’s “21st Century Public Servant” model), and robust evaluation of proposed innovations (using the “PSR Review Tool” to test business cases and manage risks).

*Deliverables for the next year*

2.6 The planned deliverables from the PSR Programme in 2017-18 are shown in the diagram below.

Diagram 2: Public Service Reform planned deliverables in 2017-18



### 3.0 Governance Structure

3.1 Governance arrangements for the programme now need to be agreed and implemented. The WMCA governance arrangements include a (member) PSR Board and (officer) PSR Executive and a PSR Working Group (Diagram 3).

Diagram 3: Public Service Reform Governance



- 3.2 The (member) PSR Board is expected to meet bi-monthly with a membership including councillors, LEP representatives and public service partners. Its purposes are to:
- advise the Combined Authority Board on Public Service Reform strategy and policy.
  - co-ordinate strategy and working group activity and work programmes.
  - present PSR models and proposals to the Combined Authority Board.
- 3.3 The (officer) PSR Executive is responsible for coordination of the PSR portfolio, together with leading design and implementation of the PSR strategy under the direction of the PSR Board. The PSR Executive will be chaired by the sponsoring Chief Executive and supported by the PSR Working Group.
- 3.4 Some areas of public service reform are governed by existing CA arrangements, for example work around mental health (reporting to the Health & Wellbeing Board) and employment & skills (reporting to SEP Board). The PSR Board will not duplicate these functions but will ensure a coherent reform strategy to deliver the agreed SEP outcomes, and ensure co-ordination across the various work programmes.
- 3.5 The Public Service Board has provided valuable guidance and support to the PSR programme and its future role will need to be considered alongside the above governance changes.
- 3.6 The PSR governance arrangements may be varied by the Lead Member as appropriate following its establishment.

## **4.0 Information Sharing**

- 4.1 Many areas of Public Service Reform will require a step-change in the effectiveness of information sharing between WMCA partners. For example, an early deliverable for the Multiple Complex Needs (MCN) workstream is “mapping the issue” - developing a detailed understanding of the current position of the MCN cohort in the region including their location, needs, current services accessed and current service / social costs. This will enable the development of a robust business case and early support arrangements for people with MCN.
- 4.2 The WMCA research review (which will be reported to Programme Board in January) has found that CA partners need to get much better at sharing information. Further work is planned in the next few months to address the critical technical and cultural barriers across the WMCA partners, leading to a new approach to information sharing across the CA starting in 2017-18.
- 4.3 In parallel with this work, we will explore how far the CA requirements can be delivered using existing information sharing arrangements. This will include information around the MCN cohort (eg incidences of ‘Adverse Childhood Experiences’ (ACEs), improved identification of “troubled individuals”, together with “quick wins” using non-personal data, for example around housing (tenants), environmental issues (such as flytipping), health issues (such as violence-linked A&E admissions), or procurement (enabling bulk savings).

## **5.0 Evaluation**

- 5.1 The SEP Performance Management Framework includes a commitment for all PSR activity to be robustly evaluated both in advance (through the PSR Review Tool to ensure a robust business case and effective risk management) and after implementation (to test whether anticipated benefits have been delivered in practice).
- 5.2 The evaluation of public service reform interventions can be difficult because of the complexity of the intervention and/or the wider context. For example, there are multiple state interventions designed to support disabled people into work – making it difficult to attribute impact to each individual intervention.
- 5.3 We are committed to working with leading academics with expertise in evaluation in order to develop robust methodologies to test (and adapt) public service reform initiatives. We have kindly been offered a “civil service fast track” secondee from the Cities and Local Growth Unit to help develop this work over the next few months.
- 5.4 This will contribute to the development of the WMCA Global Institute for Public Service Reform, including longitudinal tracking of outcomes and costs to enable evaluation of the cost-effectiveness of the interventions.
- 5.5 We will explore collaboration with other CAs and Devo areas to develop systematic programming of evaluations to build a “cumulative” understanding of what works in particular areas such as early action and supporting people with multiple complex needs.

## 6.0 Collaborative working

6.1 Leaders are asked to support their Chief Executive's engagement in early PSR work to develop proposals for savings through collaborative working and economies of scale over the next few months.

## 7.0 Financial implications

7.1 The WMCA budget for 2016/17 includes £500k for the first year of the PSR programme. Some programme roles are provided by key partners, supporting the delivery of respective organisational objectives whilst adding value to CA objectives. The budget has been updated and is sufficient for the programme's needs in the current financial year.

7.2 The main resource requirements to take the programme forward are:

- Staff to lead and deliver the programme
- Specialist support for specialist work around information sharing, cost-benefit modelling and business case development.
- Funding for pilot projects and evaluations, IT systems and software.

7.3 The next stage of the programme will require a co-located, multi-disciplinary team to lead and undertake the review programme. It is likely that this will need to include the following roles and capabilities on a full-time basis:

- Programme Director
- Programme Manager
- Lead(s) for strategy, research and intelligence
- Lead officer(s) for each of the PSR workstreams

7.4 In addition the programme will need access to these capabilities on a part-time basis as required:

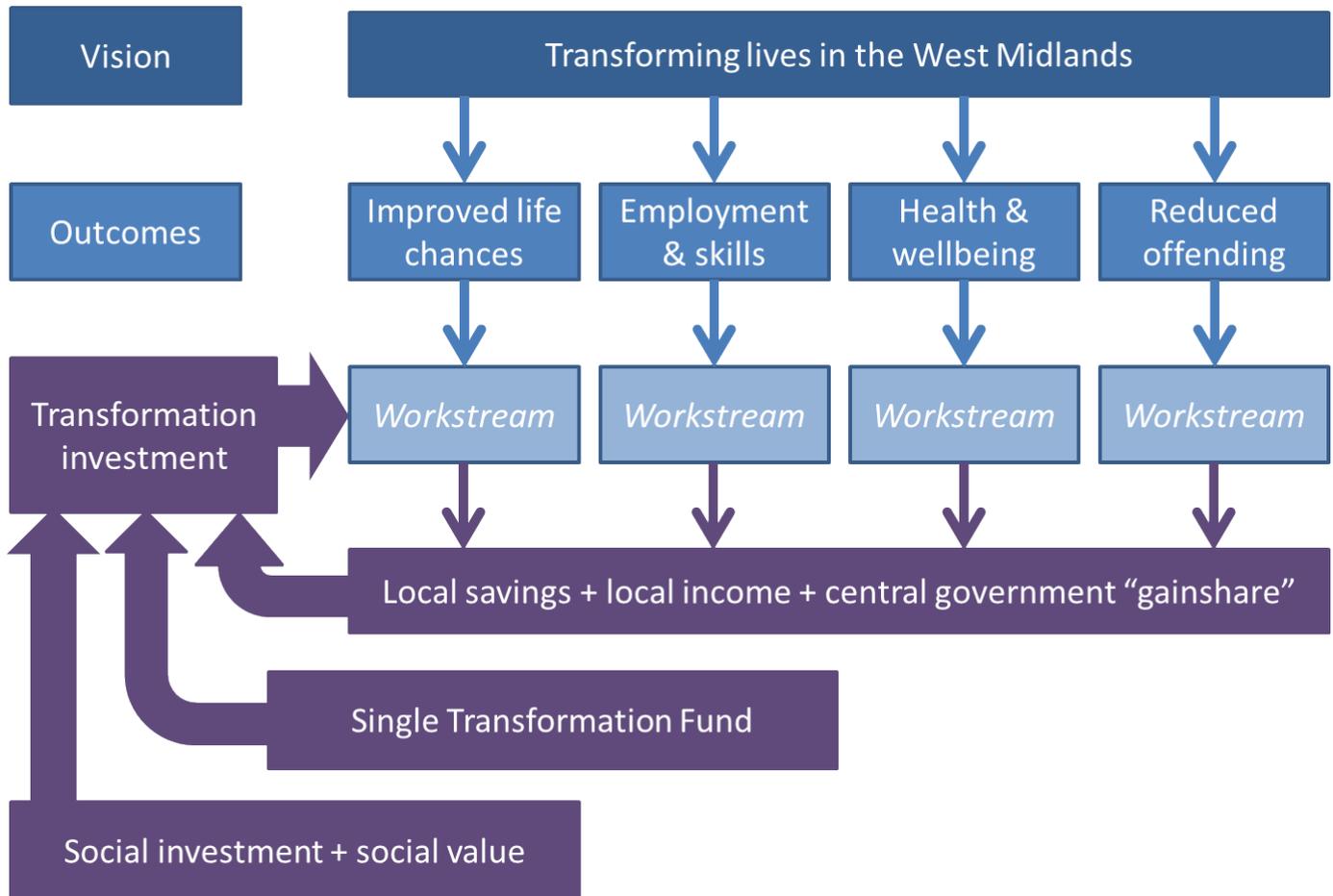
- Commissioning and procurement
- Communication and engagement
- Digital / ICT
- Data, analysis and research
- Finance
- Varied service expertise (including public health, NHS and criminal justice)
- Workforce development

7.6 The detailed budget requirements to progress the PSR Programme in 2017/18 have been included in the draft Combined Authority Governance Budget.

7.7 In addition to partners' own resources, the PSR programme is exploring potential transformation funding from central government, social investment and social value initiatives.

7.8 The resource flow for public service reform is illustrated in Diagram 4. Innovative projects and approaches will deliver improved outcomes for WM residents, contributing to our vision of transforming lives in the West Midlands. Local savings, increased tax income and central government savings will be used, alongside social value and social investment initiatives, to deliver further transformation funding leading to further improved outcomes.

Diagram 4: PSR resource flow



## 8.0 Legal implications

8.1 Various aspects of the PSR programme will have legal implications, for example increased sharing of personal data between agencies will be in line with the Data Protection Act. The legal implications will be considered as part of planning for each element of the programme.

8.2 Any potential issues or risks relating to partners' statutory duties from CA PSR plans and activities will be identified and mitigated in liaison with the relevant partners as far as possible.

## 9.0 Equalities implications

9.1 The PSR programme is in line with the WMCA equalities objectives.

## 10.0 Other implications

10.1 The PSR programme is a major element of the WMCA Devolution Agreements with central government.

10.2 The PSR programme has interactions with the NHS Sustainability and Transformation Plans, and work is underway to ensure that these developments are aligned and mutually supportive.

**11.0 Schedule of background papers**

11.1 WMCA Strategic Economic Plan

11.2 WMCA Devolution Agreement

11.3 WMCA Governance Arrangements

11.4 WMCA Budget 2016-17