

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 23 January 2013

**Subject:** Budget Proposals for Integrated Commissioning and Integrated Delivery of Targeted and Specialist Services

**Report of:** Strategic Director for Adults, Health and Wellbeing  
Strategic Director, Children's Services

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**Summary**

This report provides Members with information on the proposed changes to the City Council's Children's and Adults Health and Wellbeing services, to incorporate Public Health, as part of the proposals for the budget and Medium Term Financial Plan. This report forms part of a suite of reports to the Executive and Scrutiny Committees for Members' consideration in reaching decisions on the budget and level of Council Tax.

Subject to decisions on the Council's budget and Medium Term Financial Plan, the proposals in this report will be built into the business plan for all Targeted and Specialist Services across the City Council. This includes commissioning activity and the delivery of services for Children, Adults, Families and Public Health at a neighbourhood level.

**Recommendations**

Executive is recommended to:

- 1 Note that following public consultation on the Council's budget, the proposals for service and expenditure changes included in this report will be considered by Council in March 2013.
  - 2 Note that if the proposals outlined in this report are agreed by Council further reports will be submitted to the Executive as specified in the body of the Report.
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**Wards affected:** All

### Community Strategy Spine Summary of the contribution to the strategy

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Performance of the economy of the region and sub region	Supporting the Corporate Core in driving forward the growth agenda with a particular focus on integrated commissioning and delivery which will focus on utilising available resources effectively and developing a diversity of providers including entrepreneurs and social enterprises. This will provide opportunities for local jobs.
Reaching full potential in education and employment	Integrated commissioning will focus on utilising available resources to connect local people to education and employment opportunities, promoting independence and reducing worklessness. Working with schools to engage and support our communities.
Individual and collective self esteem – mutual respect	The focus is on changing behaviours to promote independence, early intervention and prevention, the development of evidence-based interventions to inform new delivery models integration with partners where appropriate.
Neighbourhoods of Choice	<p>These proposals will make a contribution at a place level through reorganising current district arrangements across Children’s and Adults’ Services into three localities which are co-terminus with Clinical Commissioning Groups.</p> <p>Local commissioning arrangements that connect services and evidence-based interventions to local people and enable families and their workers to influence commissioning decisions aligned to locally identified needs.</p> <p>Schools as community hubs playing an essential role in reaching out to communities and leading early intervention and prevention approaches at a local level</p>

**Implications for:  
Equal Opportunities**  
Yes

**Risk Management**  
Yes

**Legal Considerations**  
Yes

## **Financial Consequences for the Capital and Revenue Budgets**

The proposals set out in this report form part of the draft budget submitted to the Executive, Resources and Governance Overview and Scrutiny Committee and Council.

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### **Background Documents (available for public inspection)**

1. Young People and Children Scrutiny Committee Report - Looked After Children Outcomes 13<sup>th</sup> November 2012
2. Executive Report - Looked After Children Commissioning 21<sup>st</sup> November 2012

## 1. Introduction

### Budget Overview

- 1.1 The cash limit budget for the current arrangements in Children's Services and Adults, Health and Wellbeing (Adults) is £289.3m.
- 1.2 In Adults Directorate there is a cash limit staffing budget of £53m and current actual staff of 1,600 fte. For the Children's Directorate there is a cash limit staffing budget of £55m and current actual staff of 1,587 fte. The table below shows the breakdown of the 2012/13 gross budget (including income, Dedicated Schools Grant and other grants) and 2012/13 net cashlimit budget:

	Gross Budget 2012/13 £,000	Net Budget 2012/13 £,000	FTE Number
Children's	540,067	134,677	1,587
Adults	204,787	154,625	1,600
	<b>744,854</b>	<b>289,302</b>	<b>3,187</b>
Public Health*	36,459	36,459	
<b>Total</b>	<b>781,313</b>	<b>325,761</b>	<b>3,187</b>

\*Confirmed 2012/13 baseline from DoH

- 1.3 The Directorate for Adults set out a new delivery model in 2010/11 as part of the last comprehensive spending review. £37.7m savings have been delivered to date, there have been 440fte reductions, and a revised operating model, introducing Reablement and Primary Assessment as its default offer for all eligible social care people has been implemented. £10.6 million has also been withdrawn from contracts through the redesign of services. £8.8m of savings are being delivered through the redefined social care offer. This has been rolled out to all customer groups except people with learning disabilities. Work is underway to complete the roll out to people with learning disabilities and once applied, this will complete the delivery of savings. (£3.5m)
- 1.4 The Children's Services Directorate had a two year savings target of £45.1m for the last comprehensive spending review period with workforce reductions of 599fte staff. Early Years savings of £1.8m for 2012/13 are on target to be achieved from the first phase of withdrawal from day care provision in September 2012. As part of the 2012-13 Medium Term Financial Plan to re-phase early years savings further reductions of £4.6m will be made from April 2013. This will be achieved through phase 2 withdrawals during 2013/14 and implementation of a new delivery model for early years.
- 1.5 The proposed savings for the next two years are £41.7m (13%) and workforce reductions of an estimated 417 ftes (13%). The proposal is to integrate services Adults, Children's and Public Health and the budget for 2013/14 will be presented at summary level for across these areas. The table below

shows the net budget for 2013/14 and 2014/15 after budget savings have been reflected, taking into account demographic growth and other required budget adjustments.

	<b>Cashlimit</b>	Savings	Other Adj	<b>Proposed Cashlimit</b>	Savings	Other Adj	<b>Proposed Cashlimit</b>
	<b>2012/13</b>			<b>2013/14</b>			<b>2014/15</b>
	<b>£000</b>	£000	£000	<b>£000</b>	£000	£000	<b>£000</b>
Specialist & Targeted	287,860	-16,424	7,978	<b>279,414</b>	-21,086	7,485	<b>265,813</b>
Universal	21,409	-459	-4,600	<b>16,350</b>	-2,200		<b>14,150</b>
Core	16,492	-1,500	0	<b>14,992</b>	0		<b>14,992</b>
<b>Total</b>	<b>325,761</b>	<b>-18,383</b>	<b>3,378</b>	<b>310,756</b>	<b>-23,286</b>	<b>7,485</b>	<b>294,955</b>

- 1.6 The Department of Health announcement for Public Health 2013/14 and 2014/15 was made on 10<sup>th</sup> January 2013 and is included in the Specialist and Targeted cash limit figures above. The settlement is currently being analysed to determine the functions to be met from the funding and to finalise the contracts transferring from the Primary Care Trust on 1<sup>st</sup> April 2013.
- 1.7 Demand for services has increased and service managers have been effective in managing this in all areas, except mental health services which has seen rises in provision of funded services. Population projections for adults aged up to 64 show a cumulative estimated increase of 2.2% over the next two years and 5% over five years (POPPI data based on ONS 2010 mid-year estimate). The projected growth in people aged 90 years and over increases by 10% and 16% over the same period. In August 2011 Manchester Learning Disability Partnership (MLDP) reported a 5% increase in demand for learning disability services over the previous two years. It is estimated nationally that the number of older people with dementia will double by 2030.
- 1.8 Managers have been effective in managing the increased demand for services. Following a period of reablement, 50% of people need no further support and 25% are now in receipt of a smaller package of care. As a result of Reablement there has also been a 30% reduction in Homecare hours commissioned
- 1.9 The recent population census showed a projected increase of 3.6% for children and young people aged 0-19 years old over the next two years, with a significant increase. The recent population census showed a projected increase of 3.6% for children and young people aged 0-19 years old over the next two years, with a significant increase in 0-4 years old of 6.5% and in 5-9 year olds of 9%. Whilst most of the demand relating to education will be met through the Dedicated Schools Grant, statutory provision that the local authority must fund such as home to school transport for children with special needs, concessionary travel, short breaks for disabled children, care for looked after children are likely to be directly affected by an increase in the number of children. At current costs this is estimated to create a budget pressure of around £3m over the next two years which will be managed through efficiencies taken into account as savings proposals have been made.

- 1.10 The financial settlement for Manchester included an annual NHS transfer of funds to local authorities to support social care. This has been extended to 2013/15 but is not guaranteed to continue beyond then. This funding has enabled both additional demographic growth funding of £3.495m in 2011/12 and a further £3.461m in 2012/13. Demographic growth of £4.991m in 2013/14 and a further £3.588m for 2014/15 has been built into the budget relating to Adults customer groups. The settlement includes additional funding for Adult Social Care as follows:

Grant	2012/13 £'000	2013/14 £'000	2014/15 £'000	
Local Reform and Community Voices	0	467	482	This is for the transfer of a range of responsibilities and has been added to Adult Services cash limit.
Transfer of Funding from NHS	7,064	9,542	9,998	Will be transferred as a S256 budget transfer and agreed via Health and Well Being Board. Funding included as part of the local authorities overall financial settlement and included in the 'spending power' calculation.
Capital Allocation		1,434	1,463	

- 1.11 The table below summarises the amount of Transfer Funding that the council has received and the amount of additional budget Adult Services have received for demographic pressures etc.

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Funding Included in Overall Council Resources				
Transfer funding from NHS **	7,372	7,064	9,542	9,998
Funding included in Adult Services Budget Demography *	3,495	6,956	11,947	15,535
Additional funding met from Capital Grant	0	1,400	1,434	1,463
Sub Total	3,495	8,356	13,381	16,998

\* This figure is cumulative

\*\* This grant is an annual allocation

Overview of the service

- 1.12 Targeted and Specialist Services directly support the Council's priorities around prevention, promoting independence and well being. Services are delivered at present in the current Directorates for Adults, Health and Well Being, Children's Services and Public Health Manchester. Functions include:
- Statutory functions around safeguarding, assessment, homelessness and asylum and public health
  - Commissioning and provision of social care for adults and children
  - Statutory safeguarding functions including Domestic Violence, Deprivation of Liberty, Adults Safeguarding, Child Protection and Looked after Children
  - Commissioning and delivery of early years, play and youth services, schools, support to complex families, education, skills, early years and early help. This also includes non statutory homeless services, advice and well being services, employment and advocacy services as well specialist preventative services and health promotion
  - Promotion and transformation of universal services across the age ranges
  - Youth Offending Service
- 1.13 These services have a significant contribution to make to the long term strategic leadership of the city, playing a key role in leading the reform of public services. This more strategic role is reflected in the proposals in this report to strengthen the Council's strategic commissioning function. In particular, there is a leadership role to work with the NHS to ensure the wide ranging NHS reforms wholly address the health and wellbeing of Manchester citizens and families.
- 1.14 Public Health has a number of statutory and mandatory functions linked to health prevention and health protection. Staff and functions are strategically and in some cases, contractually linked to the NHS Commissioning Board, Clinical Commissioning Groups and Public Health England. Public Health operates at a universal and population based level and at a targeted and specialist level depending on the nature and scale of the problem.
- 1.15 Proposals will:
- Deliver £52m savings over three years with support from the Manchester Investment Fund (MIF)
  - Continue to manage current in year budget pressures
  - Improve outcomes for residents through a radical programme of reform and transformation
  - Promote citizens as assets in the community whilst continuing to safeguard the most vulnerable
  - Enable greater integration with partners
  - Work towards managing significant forecasted demographic pressures
  - Anticipate proposed changes to welfare reform and manage any unintended consequences.
- 1.16 The Manchester Investment Board and Manchester Investment Fund have shifted money and resources towards evidence based early interventions.

Investment has been secured from our partners in the City to implement new integrated care delivery models to take cost out of the acute sector. To date this is relatively small scale investment across North, Central and South CCGs. As part of the troubled families and community budgets work, new teams have been established to respond earlier to the symptoms of dependency, delivering evidence based interventions that support families to turn their lives around. The challenge is to build on this good work by testing the development and implementation of a family lead model to better integrate services around families and sequence those interventions.

## **2. Growth**

- 2.1 The Dept of Health has passed over a grant to support the integration of health and social care and the redesign of support for citizens in the city. This funding (£9.2m) will increase the pace of public sector reform with Health and Social Care. This funding forms part of the base budget allocated to Integrated Delivery Directorate in 2013/14 and 2014/15 and is not additional spend but prevents further reductions to the base budget. The Department of Health have also allocated 1.7m to Manchester Adult Social Care to support winter pressures. The use of this is to be agreed with clinical commissioning groups and the Health and Wellbeing Board. This funding is not recurrent or a guaranteed annual grant.
- 2.2 Public Health contribution, using sound evidence based interventions, will play an important role in working with families with complex needs and effectively reducing health inequalities. Public Health will be aligned to integrated commissioning and place priorities. Manchester is one of the 45 Councils that have received the maximum 10% increase in 2013/14 and 2014/15.
- 2.3 Manchester Equipment and Adaptations is a joint partnership with health and has a historical agreement re levels of contributions to spend with in this area. Negotiations are underway to redefine the agreement and ensure we have equal funding contributions from partners going forward. This is likely to increase income by approximately £250k.
- 2.4 Demographic growth of £4.991m in 2013/14 and a further £3.588m for 2014/15 has been built into the budget relating to Adults, Health and Wellbeing client groups. This is based on population projections and current unit costs for Learning Disabilities, Older People, Mental Health and Physical Disabilities.

## **3. Key objectives and high level business case**

- 3.1 The proposed new model will drive public service reform and support economic growth as well as improve customer experience and outcomes for families. The emphasis is on the development of two co-dependent functions:
  - Integrated commissioning
  - Integrated delivery of services for people and place.

The focus is on:

- Changing behaviours to promote independence,
- Early intervention and prevention,
- The development of evidence-based interventions to inform new delivery models
- Integration with partners where appropriate.

3.2 To take the reform programme forward, deliver year on year budget savings and drive better outcomes and quality performance, requires deep and structural change, drawing on the learning and principles of the reform work to date. In particular:

- Developing a robust understanding of the costs and benefits of a new delivery model, and where the costs and benefits accrue, securing partner commitment to an investment agreement where other partners benefit from MCC interventions
- Making evidence based decisions, where that evidence exists, or investing in robust evidence capture to secure the data needed to make those decisions
- Ensuring New Delivery Models contribute to the work and economic growth agenda. In particular, stopping people in work flowing onto benefits; shortening the time spent on benefits; supporting the hardest to reach and breaking the low pay, low skills cycle. Develop, implement, evaluate and improve new delivery models together with partner agencies, recognising that very few targeted and specialist services operate in isolation
- Understanding the behaviour changes required to underpin the transformation and what drives these behaviours in order to influence behaviour change by designing into organisational arrangements the right levers to incentivise the right behaviours as well as disincentives for undesirable behaviours
- Focusing services on the needs of whole families rather than individuals, taking an holistic view of the context and needs of the family. Shifting resource into earlier intervention, moving resource from expensive reactive spend to targeted proactive interventions
- Commissioning to deliver early intervention and improved outcomes and then decommissioning services that don't deliver to realise cashable savings and enable reinvestment in new delivery models
- Securing multi-agency commitment, resource and ultimately investment in new delivery models, sharing both the burden of cost and the profits of success

3.3 This means that at an organisational level the Council will:

- Change the shape of spend, reducing the proportion of spend on **targeted and specialist** services through changing behaviours and reducing demand. The detailed proposals follow in section 3.
- Promote **universal** services to residents and utilise these functions as a key tool to reduce demand for targeted and specialist services in the long term
- Continue to streamline **core** functions through embedding the Centre of Excellence approach and maximising opportunities through use of new ways of working and new technology

Ultimately, the overall public service reform programme requires:

- Strategic and operational integration across health and social care at scale
- The ambitious scaling up of troubled families work to equip families with the skills to turn their lives around and to reduce demand on specialist services over time
- A determined focus on reducing dependence safely and promoting aspiration and independence
- Continuing to influence and build on strong strategic alliances and partnerships with existing partners and in particular schools and health organisations as well as new and different organisations and structures outside of the Council
- Further develop community capacity via good neighbour schemes and the strategy for volunteering

There is a clear need to further develop proof of concept to inform Investment Framework agreements through the Community Budgets and the Manchester Investment Fund. Key themes of this approach are expanded below.

#### 3.4 The key reform principles include:

- Early intervention and prevention are at the heart of change and needs to support the management of demand out of the system
- Extending the redefined customer offer across Children's, Adults and Public Health and minimise the need for transitional arrangements between services. Threshold variation across Children's, Adults and Health needs an agreed joint approach
- Building resilience and encouraging active communities and by using universal services at locality level to reduce specialist costs
- Early evidence indicates that work with the whole family shows an improvement in school attendance, exclusions and persistence absence, work readiness and has a positive early impact on Wellbeing

- Accessible public health to educate, inform and support better lifestyle choices. The proposed high level models for Health and Social Care and Commissioning Services need to be integrated at a locality level and should be integrated with partners over time in a Federated Model, building on the Community Budgets work and the subsequent McKinsey Study into Health and Social Care. This was reported to the Health and Wellbeing Board 14<sup>th</sup> November 2012.
- New Investment Models will be developed and opportunities to progress further collaboration with wider partners (e.g. North West Ambulance, Pharmacy and GMP) will be explored.
- A new approach, as set out in the Social Care White Paper, that recognises the benefits of accessible housing for older people and its contribution to Public Sector Reform including demand management, increasing independence and well being, economic growth and jobs as well as the recycling of family houses back into market

### **3.5 People**

The scale and pace of change required will not be delivered through changes to structural and organisational arrangements alone. To achieve significant and sustainable change there will be a need to affect large scale behavioural change. In order to reduce the level of demand on targeted and specialist services, residents will need to be enabled to be more self-reliant in the way they access information, support and services and staff will need to be enabled to interact with service users differently in order to promote independence.

To do this there will be a focus on:

- a small number of well-defined behaviours that will make the biggest difference to promoting independence in communities
- Understanding what drives current behaviours and what behaviours are needed to underpin the required changes, and designing into new delivery models and new ways of working the right set of levers – incentives, disincentives and sanctions – to drive the required behaviours
- Accelerating behaviour change in a small number of high priority areas identified because they have the greatest potential to reduce demand. Acceleration will be achieved by identifying and engaging with people who have influence within communities and staff groups, and using stories to accelerate change by showing people what the changed behaviours look like and the positive impact they have
- Embedding behaviour change through policies, processes and systems

Work is being done to translate the high level generic behaviours below into more tangible behaviour changes that directly link to the achievement of the reform of specialist and targeted services.

**Personal Responsibility** – thinking and behaving independently and confidently. Starting from “what can I do”, not “what can you do for me” or “what are you going to tell me to do”.

**Work together** – builds positive relationships, shares knowledge and experience, join forces to get to the right result

**Positive** – powerfully aspiring for ourselves and the people we work with

**Persistently Resilient** – the determination to keep going until you achieve the right result, doing what you need to stay healthy and strong.

Priority will be given to the behavioural changes connected with the introduction of the whole family lead. These will need to impact on staff who take on the lead role as well as the range of front line staff that the whole family lead will work with. A staff engagement programme has been developed and will be rolled out in early January.

#### **4. Key changes and savings to be delivered**

##### **4.1 Leadership for Reform**

This next phase of large scale transformation across Targeted and Specialist Services will:

- Explicitly contribute to the economic growth agenda and ensure all aspects of Targeted and Specialist Services reduce dependency and enable progression towards and ultimate sustaining work
- Enable Targeted and Specialist Services to support public sector reform engaging partners in support of our work with troubled families
- Support changes in resident and workforce behaviour
- Target Early Years, Youth Services and learning disability support earlier to prevent the escalation of needs and also through strengthening delivery of universal services in order to reduce demand on high cost services
- Introduce the concept of a whole family lead worker to provide leadership and co-ordination around an integrated family plan and to inform commissioning at a local and thematic level
- Build upon learning to date through the Community Budgets Programme across Health and Social Care as a way to maximise resources, improve infrastructure and outcomes across the City and develop a citywide business plan across health and care and aligned incentives and progress integrated health and social care across the City e.g. Public Health, Acute Hospitals, Community Health and Clinical Commissioning Groups

- Maximise the ability to influence providers of education through a City wide strategic education partnership that will support economic growth, reduce poverty and dependency. This will enable integration of Early Years, Schools and Skills
- Support residents to access services on line and use “Digital by Default”

#### **4.2 Neighbourhoods and Universal Services**

A strong universal offer will support communities to become less reliant on targeted services. However, this needs to be carried out in conjunction with people becoming more independent and resilient within their communities. There is therefore an opportunity to shape the universal offer to support a reduction in the demand for services. There will be a focus on active communities that contribute in order to support each other and promoting increased resilience, well being and safe parenting which should lead to a reduction in the current levels of demand and specialist reactive provision.

The use of universal provision to reduce isolation for older people will be promoted to deliver regular access to daytime activities instead of segregated day care provision where appropriate. One example of services that have been provided in a new way is in Wythenshawe as the Grand Day Out and this will be rolled out across the City.

A strong and effective education system including in the Early Years, schools and post-16 providers, that is built on strong partnership working between the Council, education leaders and other key stakeholders has a central role to play in ensuring that children and young people develop the skills that will enable them to reach their full potential. As well as being able to intervene early where this is necessary, education providers, particularly schools will play a significant leadership role within communities. Successfully linking education and skills to the City’s growth strategy remains a priority for the Council and will contribute significantly to reducing dependency and demand for targeted and specialist services.

It is proposed that **£2.659m** of savings are made from Children’s Services cash limit budget of £21m predominantly relating to Universal services for Education and Early Years:

- Savings of £2.6m from re-purposing of Early Years buildings are expected to be realised on a phased basis from 2013/14. Based on Phase 1 of withdrawal from day care, it is expected that £400k of premises savings will be realised in 2013/14 with a further £2.2m planned for 2014/15.
- Savings of £59k from efficiencies within non-staffing budgets for Education services.

#### **4.3 Targeted and Specialist Services**

4.3.1 To deliver the principles and respond to the respective budget and demand challenges, a new high level delivery model for Targeted and Specialist Services has been developed. The proposal is to disestablish the current operational arrangements around Public Health, Children's Services and the Directorate for Adults, Health and Well Being and to develop new arrangements as follows:

- An **integrated customer journey** across all ages and conditions including customer contact, triage, single assessment, decision making, case management, review and reassessment. Crucially this means integrating with other agency services, such as Jobcentre Plus or Work Programme Primes, to ensure that the public sector as a whole is integrating services around the needs of individuals and families.
- A streamlined **integrated locality based delivery and commissioning model** which is co-terminus with health, hospitals and CCGs and which could operate in the future as a Federation (building on the Community Budget work and McKinsey study into Health and Social Care which was considered by the Health and Wellbeing Board 14th November 2012). This means for example, developing new models of primary and community based care with our health partners, co-designing and co-investing in new delivery models, such as equipment and adaptations, to reduce demand on reactive services.
- An extended remit for **Public Health and Wellbeing** based on promoting an accessible prevention agenda
- **Integrated health and care** around patient and population needs
- An **Integrated Commissioning Hub and a Strategic and Locality Commissioning function**

This will build on the learning from new investment models, the MIF and will drive the underpinning commissioning – decommissioning cycle critical to New Delivery Models. It will operate at three levels:

- Strategic commissioning and decommissioning
- Multi-agency neighbourhood based commissioning, decommissioning;
- Commissioning by front line staff.
- **Statutory Safeguarding Services for Adults** including domestic violence, Deprivation of Liberty Services and Adult Safeguarding
- **Statutory Safeguarding Services for Children and Young People** including Child Protection, Youth Offending and Looked After Children Services
- **To embed and scale up Troubled Families** to become an integrated element of future integrated delivery of services. This is a key tenet of the management of future demand.

The delivery of these functions will be underpinned with the development of new investment models. This will include further developing the investment agreements developed over the last six months for the Troubled Families and Health and Social Care themes of the Community Budget programme. It also means exploring where and how additional funding mechanisms, such as Social Impact Bonds or Payment by Results can be used in new areas.

4.3.2 A key aspect is determining the quality and performance improvements needed across Integrated Delivery and Commissioning. The principles will be used to guide the more detailed work to:

- Integrate services using the new delivery model principles outlined above
- Develop an integrated approach to Strategic Commissioning with an Integrated Commissioning Hub and the development of a Commissioning Prospectus
- Develop a delivery model that builds on the work completed last year in Adults to streamline and integrate customer contact, triage, single assessments and locality case management across Adults, Children's and Public Health
- Develop an integrated approach to public, primary, secondary and community health. Develop a Federated Model with Health based on the 3 localities. This will develop in line with the Community Budgets work on integrated care and the findings of the McKinsey Review, similar in nature to the emerging model for School Partnerships
- Review the operation of the MIF and develop the work around the Education Commission and Early Years

4.3.3 Of the 2012/13 Children's Services cash limit budget is £60m (45%) which relates to expenditure on Looked After Children (LAC) placements. Based on the current pattern and cost of placements and without greater focus on early intervention to reduce demand, it is estimated that population growth and impact of welfare reforms over the next three years costs could increase costs by £3m - £5m in revenue.

The integrated commissioning strategy to improve outcomes for LAC was reported to the Executive in November 2012. There are three core elements to the integrated commissioning strategy for LAC placements; safely reducing demand/numbers; using different types of lower cost and more local placements; reducing the unit cost for placements. This will be delivered as follows:

- A move from residential placements to alternative specialist fostering placements, with an increase in the use of foster care by 20%
- Use of evidenced based interventions such as Multi-systemic Therapy and Multidimensional Treatment Foster Care to reduce demand for residential provision using investment through Social Impact Bonds and the Manchester Investment Fund.

- With an increased use of foster carers and reduction in demand there will be a phased reduction in the number of residential beds and residential children's homes that are currently commissioned and delivered by the Council
- Re-commissioning, contract efficiencies and review of high cost placements to ensure the provision meets the changing needs of the child or young person

The successful delivery of this strategy is projected to deliver potential cost reductions of £9.3m by 2014/15 with potential for further savings in 2015/16 depending on the volatility of demand, population growth and the possible impact on need arising from welfare reform.

4.3.4 A schedule has been developed that sets out proposed savings of **£37.5m** against the wider savings of £80m. At a summary level, the savings are expected to be delivered from the following areas:

- £9.3m Integrated commissioning strategy for Looked After Children
- £10.8m Integrated Commissioning and Integrated Service Delivery with workforce savings achieved through a streamlined customer journey and locality based operating model.
- £17.4m Commissioning and Contract savings

Proposed reductions in commissioning and contracts across Public Health, Children's, Adults, Health and Wellbeing for 2013/15 will be made. This will be achieved through seeking efficiencies from contracts, commissioning differently through new contractual arrangements or delivery models and reducing contract values or stopping contracts where appropriate. Proposals include:

- In the context of welfare reform we will remodel and reconfigure services funded through Supporting People. This will involve systemic change to ensure that people with a housing need are re-housed appropriately in mainstream accommodation to improve and access and increase availability of hostels, supported accommodation for those that need it. These proposals are the subject of a separate report on this agenda.
- Review of commissioning arrangements for Public Health over the next two years
- Development of an investment model with schools to support the new delivery model for Early Years. This will provide a clear pathway for children and their families from pregnancy and early childhood through to early learning and education, with targeted support for disadvantaged children. The realisation of the improvement in outcomes would create a cashable benefit to schools, through a reduction in the need for funding for additional and specialist support to pupils in primary schools.

- Reduction in external contracts for Home to School Transport through reduction of individual journeys, greater use of personal budgets where appropriate, rationalisation of routes and change in some commissioning arrangements.
- Children's Disability contractual reductions achieved through negotiations with providers through framework contracts, greater use of cash individual budgets for targeted short breaks and creation of additional internal provision for respite and short breaks through special schools.
- Other areas include a review of Youth Services and efficiencies from Connexions, Leaving Care and Youth Offending Service contracts.

4.3.5 Limited savings have been proposed from reducing demand, with the main area being the £9.3m savings from the LAC Commissioning strategy. This means there should be opportunities for delivering more savings through reducing demand in 2015/16.

One particular challenge in developing the forecast savings, particularly around demand reduction, is that it is still relatively early in securing evidence from MCC's reform programme. For example, within health and social care, the integrated care work, alongside a federated model and the reconfiguration of clinical services means both opportunities and threats to demand. Similarly, scaled up investment from partners through Investment Agreements may provide some upside.

4.3.6 The MIF reserve of £10.3m will be used one-off funding in 2014/15. It is proposed further savings proposals should be underpinned by a business case which details the rationale, evidence base, profile of savings, risks and alternative options for savings should this approach not be successful. This work will set out the option appraisal and business case which will support the next stage of the Council's public service reform programme. It will also detail the forecast impact of each aspect of the Council's demand reduction programme to deliver the £10.3m savings.

Identifying where and how savings can be realised is one side of the equation. The other aspect is securing scaled up investment from partners through Investment Agreements where they share in the proceeds of success. The work will also detail the approach to securing scaled up investment from partners into the delivery models, building on the Heads of Terms in place with partners such as the Clinical Commissioning Groups, Police, Probation and Work Programme Primes. This work is in development across both the Troubled Families Board and Health and Wellbeing Board.

In order to realise cashable savings effective decommissioning and re-commissioning of services is required. The logical extension of this approach is that the Council alongside City partners and through the MIB, take joint decisions on decommissioning and re-commissioning services across traditional agency boundaries.

The restructuring of the current Manchester Investment Fund budgets will be required as part of this work. Whilst the current model of bringing together budgets focused on supporting Troubled Families has had some success in enabling resources to be used more flexibly, this approach needs to be built on to support what the Council needs to achieve over the next 3-7 years.

**Assumptions:**

Allocations of savings will be subject to more detailed design but high level design work to date indicates savings in the following areas:

- Savings across in house provision such as Older People Services and day care will change. Choice for customers will be increased as will the roll out of an Universal Offer and in house day care and supported accommodation will be targeted at those with the most complex needs.
- There are savings to be made by developing an integrated customer journey across Adults, Children's and Public Health Services especially where roles are duplicated around triage, assessment and case management.
- Services in Adult Safeguarding, Deprivation of Liberty and Domestic Violence were transformed and rationalised last year and delivery integrated into the customer journey. No further FTE reductions are envisaged.
- Detailed savings for public health will be concluded when the Public Health grant is fully analysed, and transfer arrangements are finalised.
- The Council will ensure that arrangements to safeguard and protect vulnerable children and adults are in place but there are phased efficiencies through the rationalisation of 38fte management posts to be achieved via co-location of Children's and Adult's teams.
- A reduction of 80 FTE is already included in the remodelling around the LAC savings.
- There are no plans to reduce the number of staff who work with families with special needs but roles may continue to develop over time as we embed locality working.
- The reduction of FTEs will have to be phased in line with the roll out of the new delivery model and interim arrangements will be put in place to ensure this is done safely.
- The Council will join with Health and collaborate across other GM local authorities for some strategic commissioning roles. This work is underway.
- Savings will be made through management de-layering activity

- A new strategy will be in place for accessing housing both in the social rented and private rented sector through for example, promoting flat shares for younger people and by developing access criteria to supported accommodation or hostels (not including domestic violence refuges). A brokerage team to be established which will help people to access mainstream accommodation more quickly.
- Strengthening the partnership with the Voluntary and Community Sector with reference to targeted youth and play services as well advice and wellbeing services.

Services will be decommissioned following reductions in demand including demand for Older People's Services, Learning Disability Services, Day Services and Mental Health Services. Proposals include:

- Commissioning for the provision of a modernised offer of Supported Accommodation for people with Learning Disabilities
- The Mental Health independent review commissioned by CCGs and MCC will inform commissioning intentions and will include prevention as well as treatment
- Opportunities to further review the provision of Day Services and associated Community Transport with a view to decommissioning some of the current provision and develop new delivery models based on the proposed locality model and development of a more universal offer.

#### 4.4 Core

Within Children's and Adults cash limit budgets for 2012/13 there is £16m relating to Core services from which **£1.5m** of savings will be delivered from the areas set out below.

- Establishment of the new Directorate Management Teams for Health and Care Services and Commissioning Services.
- Integration of services across Children's and Adults to support the commissioning and delivery functions via sound intelligence, research, policy, performance and outcomes evidence
- Consolidation of support services/back office
- Performance reporting to be less focussed on quantity reporting for external organisations and more focussed on investment, evidence, outcomes and cost benefits for the City and public sector partners
- Investment in integrated ICT to deliver efficiencies

4.5 Due regard has been paid to the public sector equality duties in developing these proposals and comprehensive Equality Impact Assessments are underway to inform the implementation of the proposed changes.

## 5. Partnership

There will be a focus on integration with health in specific areas to reduce unplanned hospital admissions and speed up safe discharges. The priority is to tackle urgent care and elderly, chronic illness and long term conditions and the prevention of un-necessary admissions and readmissions. This approach builds on the significant progress to date under the Community Budgets work and is about delivering tangible benefits to MCC in terms of:

- Urgent care for elderly and disabled patients with chronic illness and multiple long term conditions
- Improving patient experience joining up primary care, community care, social care and acute care around the needs of patients
- Reducing spend in the most expensive areas of social care, particularly residential care and care with nursing;
- Securing investment from health partners where they benefit from the new delivery model of integrated care.

The New Delivery Model for integrated care in Central Manchester, jointly funded with the CCG, is now operating. North Manchester are due to go live with their first integrated care team in one patch at the end of January with South Manchester following quickly in 1st April with integrated teams in 2 patches . The system is introducing information sharing agreements between health and social care and an integrated ICT solution across social care, clinical commissioning groups and hospital and community based health staff.

Work is being undertaken to develop a stronger focus on a deeper level of partnership between GMP, schools, DWP and the work programme and Clinical Commissioning Groups. This will form the basis for local integrated commissioning and delivery across life courses. This will enable earlier intervention and shift resources from high cost services to preventative interventions that make families more resilient. There will also be a focus on active communities that contribute back to support each other.

Voluntary Sector Support will be vital for enabling our overall strategy to be implemented. Commissioning from the voluntary sector will need to be based on sound investment for return both in cost benefits and in outcomes. Decommissioning in order to shift investment needs to be based on clear and evidenced criteria, formal consultation of stakeholders and compliance with contractual notices.

## 6. Impact on Citizens, Communities, Customers

6.1 **Formal consultation** will be undertaken with users and stakeholders in the areas of:

- Supporting People
- Community alarms
- Drug and Alcohol Services

A detailed paper on the consultation exercise has also been submitted.

- 6.2 Customers outcomes will improve and services will be delivered more efficiently. e.g. Integrated customer journey – customers will tell their story once, they will be able to access the right services at the right time. Locality working will mean people can access services locally.
- 6.3 The financial settlement will affect some of the most marginalised citizens in the city and the size and scale of financial challenge for the Council is such that we will have to implement radical reform via new investment and delivery models.
- 6.4 There is concern that some groups will be impacted upon several times within an existing environment of increasing demand e.g. adults with a mental health issue may face benefit issues, housing issues, loss of grant funded schemes, loss of Supporting People monies. Recent trends indicate increased homelessness and mental health referrals.
- 6.5 These and other proposals will impact on families generally. The Directorate have recognised the potential impacts and risks in determining their overall budget proposals, but will need to keep under close review demand from the most vulnerable and the availability of public resources to meet those needs, through the Manchester Investment Fund.
- 6.6 Whilst the full impact of the most recent welfare reform remains unknown there has been significant increase in homelessness, in the City and across GM.
- 6.7 The delivery of the integrated delivery model depends on the adequacy of advice services. The adequacy of current arrangements is under review and will be reported back by 13 February 2013.
- 6.8 A full analysis of risks will be undertaken to ensure proposals within our control are managed and implemented safely and we will monitor wider risks such as the impact of welfare reform and take action where we can.

## **7. People Impact**

- 7.1 The total number of current fte staff within Integrated Commissioning and Integrated Service Delivery is 3,187. This includes all roles from across the former directorates of Adults, Health and Wellbeing, and Children's Services. A workforce reduction of 417 fte would provide savings of £13.897m, required from across the two Directorates.
- 7.2 The full extent of the impact on specific roles will be identified as proposals are developed and engagement with Trade Unions and staff takes place. There are robust workforce planning arrangements in place to ensure that as the functions and roles change, the workforce have the skills required to ensure

effective service delivery. Revision to senior management arrangements and portfolios will be considered by the Personnel Committee.

7.3 The following summarises the key areas of reduction as part of these proposals:

- Customer Journey reduction of 69 fte to be achieved through the development of a new virtual front door and integrated assessment processes - including Common Assessment Framework, Primary Assessment Team, Resource Allocation System, Manchester Equipment and Adaptations Partnership, Reablement, financial assessment linked to more specialist assessment, eg Special Educational Needs. Rationalisation of roles will be achieved through a locality based delivery model.
- Review of existing directly delivered services will result in a reduction of 177 fte. This review will include new models for Homelessness, Supported Accommodation, and Day Care Services and includes growth for Troubled Families.
- Public Health will be transferred to the Local Authority from the NHS and integrated within the Targeted and Specialist model.
- Reduction of 80 fte following review of services to Looked After Children - which include the potential decommissioning of residential settings (n.b. this relates to the LAC financial target).
- Child Protection, Domestic Violence, Deprivation of Liberty Safeguards, and Adults Safeguarding Referrals are out of Scope, but in scope for phased efficiencies through the rationalisation of 38fte management posts to be achieved via co-location of Children's and Adult's teams.
- The Integrated Commissioning model as a whole will result in 32 fte reduction and will support the commissioning and implementation of new delivery models across traditional boundaries. It will be able to exploit new investment models, enabling integrated commissioning at scale across partners. The model will also support joint investment in interventions across partners, built on robust evidence bases. The Hub will be structured so that it supports effective integrated commissioning by offering technical expertise through the full commissioning cycle from needs analysis; through developing commissioning strategies; to procurement and safeguarding and quality management.
- 8 fte reductions from the Youth Offending Service and from Valuing Young People Service commissioning on a locality based model have been identified.
- In addition to the above, a reduction of 13fte from core services within the Children's and Adults Directorates have been identified. This will be achieved through streamlining management and back office functions.

**Integrated Commissioning and Integrated Delivery Savings Schedule**

Savings Proposal	Description of Saving	Amount of Saving			FTE Impact (Indicative)
		2013 / 14	2014 / 15	Total	
		£,000	£,000	£,000	
<b>Looked After Children</b>	The investment in foster care and the current surplus places will enable a planned and phased withdrawal from residential homes.	6,353	5,983	12,336	80
	Investment in Foster care provision to improve outcomes and reduce need for residential care	(1,678)	(753)	(2,431)	
	Investment in Multi-systemic Therapy focused on teenagers and older children to try and safely prevent them coming into care	(300)	(900)	(1,200)	
	Contractual efficiency savings on provision for looked after children	225	375	600	
<b>Total</b>		<b>4,600</b>	<b>4,705</b>	<b>9,305</b>	<b>80</b>
<b>Customer Journey</b>	To design an integrated, streamlined customer journey to ensure services are focussed on the needs of individuals and the whole family.	7,030	3,400	10,430	316
	Savings from public health integration	100	0	100	
	Review of Youth Offending Service		167	167	6
	Streamlining commissioning and quality assurance of Youth Commissions		80	80	2
<b>Total</b>		<b>7,130</b>	<b>3,647</b>	<b>10,777</b>	<b>324</b>

Savings Proposal	Description of Saving	Amount of Saving			FTE Impact (Indicative)
		2013 / 14	2014 / 15	Total	
		£,000	£,000	£,000	
<b>Recommissioning of services to deliver efficiencies and service changes in the following areas:</b>					
Starting Well	Public Health contracts	54	15	69	
Developing Well	Children's Services contracts	2,673	3,089	5,762	
	Adults Contracts		297	297	
	Public Health Contracts		389	389	
Living Well	Adults Contracts		2,399	2,399	
	Public Health contracts	1,639	3,052	4,691	
Ageing Well	Adults Contracts		1,432	1,432	
	Public Health contracts	328	61	389	
Early Years	Use of Dedicated Schools Grant for the new outreach service and scale up of targeted interventions.		2,000	2,000	
<b>Total</b>		<b>4,694</b>	<b>12,734</b>	<b>17,428</b>	
<b>Children's/Adults:</b>					
Children's/Adults - Review of budgets for efficiencies	General efficiency savings	158		158	
Children's/Adults - Commissioning Hub	Efficiency savings from delivery of integrated commissioning	170		170	
Children's/Adults - Directorate Mgt Teams	Streamlining management	100		100	1

Savings Proposal	Description of Saving	Amount of Saving			FTE Impact (Indicative)
		2013 / 14	2014 / 15	Total	
		£,000	£,000	£,000	
Children's/ Adults - Integrated Delivery / Commissioning	Redesign of back office functions including Business Support, Commissioning and Strategic Management across Children's and Adults	1,072		1,072	12
<b>Total</b>		<b>1,500</b>	<b>0</b>	<b>1,500</b>	<b>13</b>
<b>Education &amp; Early Years:</b>					
Review of budgets for efficiencies	Efficiency savings identified from non staffing budgets for Education Services	59	0	59	
Early Years re-purposing of buildings	Repurposing early years buildings to maximise the use of the council's assets	400	2,200	2,600	
<b>Total</b>		<b>459</b>	<b>2,200</b>	<b>2,659</b>	
	<b>Total Savings Proposals Integrated Delivery and Integrated Commissioning</b>	<b>18,383</b>	<b>23,286</b>	<b>41,669</b>	<b>417</b>