

# Southend-on-Sea Borough Council

Agenda  
Item No.

## Report of Chief Executive & Town Clerk

to

Cabinet

on

6 November 2012

Report prepared by:

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### Progress update on the Whole Essex Community Budget pilot

**Economic and Environmental Scrutiny Committee**  
**Executive Councillor: Councillor Holdcroft**

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#### 1. Purpose of Report

To provide an update on progress of the Whole Essex Community Budget pilot and to seek approval for the Council's continuing involvement.

#### 2. Recommendation

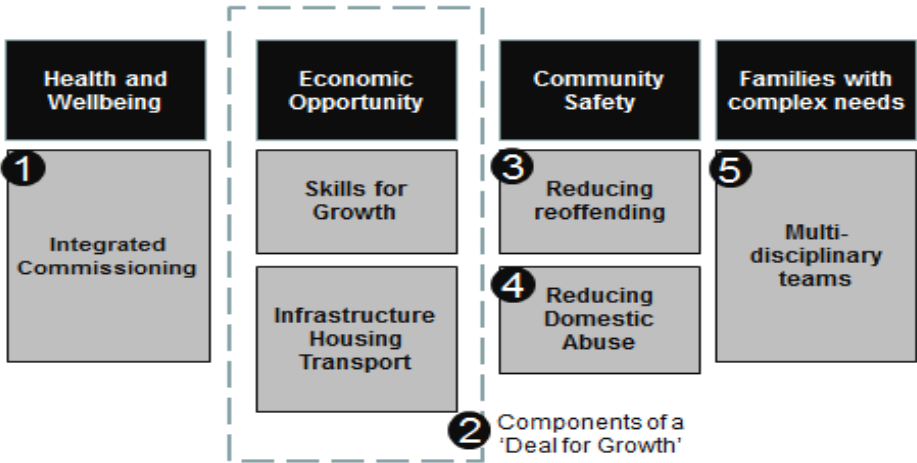
It is recommended that Cabinet;

- a) approve the Council's continuing involvement in the Whole Essex Community Budget pilot work and support in principle the general direction of travel towards a more integrated approach to public services in Essex, Southend and Thurrock.
- b) agree to work with partners to develop the business cases further, but only where clear benefits for Southend can be demonstrated.
- c) approve the Council's continuing exploration, alongside Essex County Council and Thurrock Council, of the potential for a regional City Deal as part of the Community Budget agreement with Government.
- d) approve the development and submission to Government of a proposal for a Southend City Deal following Southend's shortlisting as one of 20 areas eligible to bid for a second wave of City Deals.

#### 3. Background

- 3.1 The Whole Place Community Budget concept is a flagship initiative of the Coalition Government that is being piloted in four localities throughout 2012. The core idea is to examine the feasibility of organising public spending by place rather than by individual organisations or services. This will be achieved by bringing together public sector partners across local and national government, health and emergency sectors to redesign services around the needs of local communities.

- 3.2 As one of the four<sup>1</sup> pilots, Essex County Council have agreed to lead work to develop a theoretical plan that sets out options for pooling or aligning resources across Essex and to determine new ways of the public and private sectors working together. The plan will include the outcomes that would be delivered, the redesign of services required to achieve the outcomes and how new financial approaches could work. It will also identify what needs to happen locally to implement the options identified and what would need to be changed within central Government.
- 3.3 To reach this point Essex County Council has overseen a high profile one-year project under the banner of the 'Whole Essex Community Budget' (WECB). This has required the involvement of most of the major public sector partners across the county along with senior civil servants seconded on a full time basis from eight central government departments.
- 3.4 The WECB project started with a working assumption that all functions of national and local government, all public spending and all public services will be within the scope of the pilot. Both Southend and Thurrock Councils gave support to Essex County Council in its bid for a pilot whilst not becoming full partners in it. Southend has actively participated in several of the work strands of the pilot, contributing to, and challenging where appropriate, the thinking and direction of the project.
- 3.5 An Operational Plan with ambitious proposals for systemic change, was submitted to Whitehall on **31<sup>st</sup> October 2012**, where its feasibility will be assessed alongside plans from the three other pilots. The Essex Plan sets out five business cases for simpler, cheaper and more effective public services across four separate work streams (below);



Whole Essex Community budgets project framework

<sup>1</sup> The three other pilot areas are Greater Manchester, Cheshire West and Chester and West London (covering the tri-borough area of Westminster, Kensington and Chelsea, and Hammersmith and Fulham).

- 3.6 The business cases set out new delivery models that attempt to;
- eliminate duplication, process and wasteful internal transaction costs
  - use public assets, back office and staff resources more efficiently
  - align targets and systems and shares information about customers
  - allow fixed costs to be taken out by decommissioning unwanted provision
  - fix the critical problem that public sector organisations lack the financial incentive to save their partners money.

Appendix 1 summarises the key features of each business case.

- 3.7 Perhaps more fundamentally the business cases also try to redress the balance of responsibility between the public sector and the individual by encouraging self-reliance and choice and by driving down the demand for publicly-funded services.

- 3.8 Wherever appropriate Southend has become involved in developing the business cases. For example we have agreed to pilot an integrated approach to commissioning across adult social care and the Southend Clinical Commissioning Group. We anticipate this will result in collaborative commissioning of admission avoidance services, timely discharge from hospital, re-ablement and recovery services and potentially nursing and long term care beds. This approach will build robust capacity locally. In addition the pilot will identify areas of health and social care that would benefit from commissioning on a wider basis including across South Essex (already underway in respect of adult mental health services) and to what extent efficiencies and improved outcomes can be achieved across the wider Essex area through integrated commissioning. This work is being overseen by the Health and Well Being Board given its role in promoting integration across health and social care.

- 3.9 Taken together, Essex County Council estimates that the initial proposals will deliver **£414 million in net benefits** (£127 million in cashable savings to local and national public service partners and £287 million in economic, fiscal and social benefits). It is also anticipated that the proposals will deliver **60,000 new homes, 25,500 new jobs** and up to **£1 billion** in investment in Essex's physical and service infrastructure.

- 3.10 In return for delivering these benefits the Plan has a number of 'asks' of Government. These are deemed to be essential policy changes needed at Whitehall level to allow this work to happen. Asks include freedoms to create single commissioning organisations across the county, devolution of funding for employment and skills training, a redesign of funding structures to support a Payment by Results funding models, devolution of capital investment into a local fund and reclassification of domestic abuse to an 'aggravated crime'.

### 3.11 The link between Community Budgets and City Deals

- 3.12 The Government view England's 'core cities' as key to driving forward a national economic recovery. But it also acknowledges that cities need to have more control of their local economies if they are to address the under-performance of most UK cities compared to their European counterparts. This means that a fundamental shift in the relationship between national government and cities is needed, starting with a genuine devolution of power.

- 3.13 As a result the City Deals concept was announced in December 2011. Since this time eight 'core' cities<sup>2</sup> have signed deals with government that grant them new powers to drive economic growth. In return the cities have agreed to put in place stronger, more accountable local leadership with ambitious agendas for the economic future of their areas. This local leadership has led to authorities and business leaders joining together as partners across economic, rather than administrative, boundaries resulting in Local Enterprise Partnerships (LEPS) tending to form the locus of City Deals.
- 3.14 Whilst City Deals are bespoke to specific areas they share the same key features;
- A transformative idea which leads to the reform of public services
  - Devolution of economic development responsibilities to localities, which give cities greater powers and tools to drive local economic growth
  - Unlocking of new private sector finance to support investment in local initiatives that will boost economic development
  - Strong governance arrangements around functional economic areas.
- 3.15 Since striking the deals cities have used policy levers and financial freedoms to put in place new ways of working that they hope will create jobs, improve skills, support local businesses and improve critical infrastructure. Each City Deal includes at least one major commitment specific to the city, which generally involves leveraging private sector funding.
- 3.16 In September Essex County Council put forward a carefully evidenced argument that the characteristics that make places ripe for City Deal opportunities are not unique to cities and that restricting this development opportunity to cities alone would significantly limit the potential for national growth.
- 3.17 The Government is expected to announce whether or not it will launch a second wave of City Deals soon. In the meantime Essex County Council is making a case for devolution of power by building the features of a City-type Deal into the economic business case of the Operational Plan. The Essex 'Deal for Growth' (see diagram at 3.5) has 7 key propositions which are an opening offer and the first step in a 'negotiation for growth'. These are shown in the table on the next page.
- 3.18 Devolved powers through a city, or 'county' deal, could provide significant benefits for Southend and, as the core cities are finding, creative ways could be found to drive forward our economy. However this must be balanced against the implications of taking a joint Essex-wide approach to solving local economic challenges and the degree to which this approach would best serve Southend's residents.

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<sup>2</sup> *Liverpool, Greater Manchester, Birmingham, Sheffield, Leeds, Bristol, Nottingham and Newcastle*

	<b>Essex 'Deal for Growth' Proposition</b>	<b>Anticipated outcome</b>
1	Deliver future structures in support of economic growth which are simplified, transparent, and fit-for-purpose	Simpler, transparent and more agile decision making
2	Create a £1bn revolving infrastructure fund to deploy over 20 years, leveraging private sector investment into major enabling infrastructure. This supported by a single 'Infrastructure Gateway' which will incorporate an investor panel, engaging the private sector	60,000 additional jobs 25,500 additional homes  Private sector involvement
3	Accelerate the increase of employment levels in key growth locations, seeking to halve the projected recovery time of those areas by returning to 2008 employment levels within 10 years	Increased jobs in key growth locations Quicker recovery
4	Secure the dividends of growth for reinvestment, including the reinvestment of a proportion of localised NNDR (business rate) growth across Essex, and the retention of 100% NNDR growth in key locations	To drive infrastructure investment To accelerate progress on the ground
5	Unleash the demand for housing through a toolkit of interventions, including local support of mortgage deposits; equity investment stakes and support to the private rented market	Unlocking of latent housing demand and awakening of market
6	Redesign 16-24 skills provision, making it employer driven and inclusive of a payment by results model. An employer-led Employment and Skills Board will ensure that courses are attuned to employer need	Employer-led skills £150m additional benefit 8000 new apprenticeships Significant reduction in NEETs
7	Establish a Local Innovation Board, which will strengthen our productive relationships with our universities, ensuring that the realisation of innovation is increased in Essex, Southend and Thurrock and that our GVA (gross value added) is increased accordingly	Access to university research expertise Increase in GVA Increased Inward Investment

3.19 At this critical stage it is important that Southend is central to discussions and that we remain well placed to influence local and national thinking on a possible regional 'City Deal', either as a separate arrangement or as an intrinsic part of the Whole Essex Community Budget.

### 3.20 A City Deal for Southend

3.21 Independent from the regional City Deal being pursued by Essex, the Government has shortlisted Southend as one of 20 potential areas eligible for a second wave of City Deals. Exploratory talks are currently underway with Cabinet Office, the Department of Communities and Local Government (DCLG) and the Department of Business, Innovation and Skills (BIS) concerning a potential bespoke deal for Southend. The Council has been invited to submit a transformative proposal that sets out how local partners will use freedoms

granted through a City Deal to deliver economic growth in Southend and adjoining areas.

3.22 Second wave City Deal proposals must;

- align with the Government economic strategy to deliver jobs and growth
- deliver benefits without using additional resource
- demonstrate local political commitment and leadership
- have input and buy-in from the private sector
- identify 'asks' of Government so that the plan can be put into practice. This is likely to include powers, functions or freedoms that need to be devolved from Whitehall.

3.23 Early discussions indicate that the acceptability of a bespoke City Deal for Southend is likely to be dependent on the level of synergy with the Essex Deal for Growth. Southend's proposal will be developed to ensure that Deals for both areas are complimentary.

3.24 Deadlines for taking proposals forward are;

Early November	Government has informal discussions with areas on broad proposals
By 30 November	Draft Expression of Interest submitted to Cabinet Office
During December	Dialogue with Government on content of proposal
By 15 January	Final Expression of Interest submitted to Cabinet Office
Jan – Nov '13	Areas develop City Deal implementation plans

A package of support will be provided to successful local authorities however it is understood that Government will not take proposals from all 20 forward.

#### 4. Other Options

- 4.1 To disengage from active development of the WECB. This is not recommended since it will prevent Southend from influencing the implementation of the Operational Plan.
- 4.2 To disengage from discussions with Government on a City Deal for Southend. This is not recommended since it will prevent Southend considering, and potentially achieving for the borough, freedoms and flexibilities associated with a City Deal.

#### 5. Reasons for Recommendations

- 5.1 To ensure that the Council continues to influence the development of the WECB so that it best meets corporate aims and the needs of the borough's communities.

#### 6. Corporate Implications

- 6.1 Contribution to Council's Vision & Corporate Priorities - The WECB Operational plan best aligns with the 'prosperous', 'safe' and 'healthy' corporate aims, and in particular the following priorities;
- Enhance the prosperity of Southend and its residents

- Continue to reduce crime, disorder and anti-social behaviour
  - Continue to improve outcomes for vulnerable adults and older people
- 6.2 Financial Implications – The Operational Plan forecasts significant financial cashable savings should all of the proposals be implemented. This includes attraction of up to £1bn in inward investment in Essex infrastructure. Proposals for developing joint investment funds, pooling resource and shared investments will have significant financial implications for all partners concerned and each proposal will require separate analysis as and when they are assessed for feasibility and developed further.
- 6.3 Legal Implications - The Operational Plan promotes the development of a decentralised system that can flex to help citizens address the challenges faced within Essex’s socio-economically diverse communities. This will require a more integrated decision making structure, with responsibilities devolved throughout and decisions taken at the lowest appropriate level. Proposals for developing integrated local strategic bodies will require careful legal consideration.
- 6.4 People Implications – None specific until implementation plans for business cases are developed.
- 6.5 Property Implications - Proposals for integrated working leading to joint ownership and/or usage of assets may have a significant effect. None specific until implementation plans for business cases are developed.
- 6.6 Consultation – None specific until implementation plans for business cases are developed.
- 6.7 Equalities and Diversity Implications - None specific until implementation plans for business cases are developed.
- 6.8 Risk Assessment – None specific until implementation plans for business cases are developed.
- 6.9 Value for Money - The Council benchmarks its performance and spend against comparators to ensure that it is providing value for money. Whilst the proposals in the Operational Plan deal with less than a third of the public sector expenditure in Essex, they prove the concept that partners can deliver significant savings and improved outcomes by looking beyond organisational boundaries and focusing instead on the whole system of public services. The propositions aim to deliver better value for taxpayers and better outcomes for citizens.
- 6.10 Community Safety Implications - Business cases on domestic abuse and re-offending aim to improve community safety. By bringing together organisations across the criminal justice system and working alongside health, housing and social services, the Operational Plan aims to deliver a multi-agency approach to identifying and assisting victims of domestic abuse earlier. In addition a multi-agency approach will be developed that systematically brings together criminal justice and non-criminal justice agencies to reduce current and future demand on services dealing with re-offending.

6.11 Environmental Impact - The Council has a cross-cutting theme to 'where possible minimise our impact on the natural environment'. None specific until implementation plans for business cases are developed.

**7. Background Papers**

None

**8. Appendices**

Appendix 1 - Summary of Business Cases



### Summary of Business Cases

#### 1. Integrated Commissioning

The proposed approach to achieving better health and social care services will integrate commissioning across a number of agencies. A common commissioning platform will create clarity of focus on patient pathways. It will support the commissioning of integrated and streamlined services at a scale that allows partners to achieve the best possible set of patient and service user outcomes as well as delivering financial benefits.

The proposal recognises the importance of wider determinants of public health and wellbeing. Whilst the proposal would look to expand the range of services operating on this model, the initial focus looks to include all or part of NHS Clinical Commissioning Group responsibilities; adult social care; children's services (excluding education); public health; housing; and voluntary and community services. This approach allows local flexibility within a strategically consistent model, supporting commissioning across Essex, at the geography of individual Clinical Commissioning Groups or locally within individual communities dependent upon the service required.

#### 2. Skills for Growth (component part of a Deal for Growth)

The proposal aims to deliver a better skills system; one that supports learners into real, sustainable employment whilst also ensuring business benefits from ready access to a pool of skilled employees - increasing the value of the Essex economy and reducing welfare dependency.

The offer, an integrated approach that brings employers and local authorities together to shape provision locally, aims to create a change in the way that employers can influence and direct the way the vocational skills system works – helping them better recruit and retain employees with the skills and attitudes to help make them successful. It aims to provide improved direction and focus to publicly funded skills and employment provision - prioritising local priority sectors and growth opportunities whilst also providing clear choices and opportunities for young people as part of a simplified pathway from education to work

#### 3. Reduced Reoffending

By realigning commissioning and funding strategies Essex partners want to shift to a more preventative, and personalised offender management service. The proposal aims to build integrated pathways to tackle the factors which increase the likelihood of reoffending and change attitudes and behaviours. Reducing reoffending, and enabling offenders to change their behaviour and become productive members of society will, over time, eliminate many of these high costs from the system, whilst delivering wider societal benefits.

The proposal takes a tripartite approach to reducing reoffending. Partners will focus on offenders and their families; reduce current demand through preventative work with

offenders; and reduce future demand by focussing preventative work on offenders' children. To do this, a multi-agency approach will be developed that systematically brings together criminal justice and non-criminal justice agencies to reduce current and future demand on public services.

#### **4. Reduced Domestic Abuse**

By bringing together organisations across the criminal justice system and working alongside health, housing and social services, Essex partners will deliver a multi-agency approach to identifying and assisting victims of domestic abuse earlier. Tackling the issue before behaviour escalates and becomes more severe can make the system easier and less fearful to navigate. The proposal aims to develop a range of preventative activity, working with schools and young people to understand healthy relationships and with a perpetrator strategy to tackle the issues, behaviours and beliefs which underpin their behaviour.

Essex partners will build on the Essex Police Central Referral Unit due to be launched later this year - in the first half of 2013 the unit will start to develop into a multi-agency hub to combat domestic abuse - as we move to 2014 the intention is that a fully operational centre with partners delivering a whole systems approach will be operational.

#### **5. Multi-disciplinary Teams**

Working holistically with families with multiple difficulties, the proposal aims to help families become more self-reliant and break the inter-generational cycle of dependency and deprivation. Initially, eight multi-agency / multi-disciplinary teams will work with over 1000 families a year. This approach, which will bring together professionals from children's and adult services, health and district councils, will be scaled up further in 2014 and, potentially, in 2015 dependent upon local needs and proven impact.

The approach will see a family worker work intensively with each family for either a focused 3-month period or, if necessary, up to a year. Enabling families to navigate complex systems and to find solutions which support their needs, will, over time, reduce the need for expensive reactive and specialist services including drug/alcohol abuse, family conflict, criminal justice and social care involvement both within the family and across future generations.

Note that this proposal covers Essex county only and separate arrangements will continue to be operated for Southend borough.