

1. Joint Standards Committee

Members have received reports on the changes to the local government standards regime resulting from the Localism Act 2011. There has been some delay by the Department for Communities and Local Government (DCLG) in drafting regulations relating to disclosable pecuniary interests and, as a result, uncertainty as to when the new provisions would be implemented. However on 6 June the DCLG published the necessary orders in draft and the new arrangements have now come into effect.

The Monitoring Officer will be bringing recommendations to the October Council relating to the adoption of Committee and other arrangements and a new code of conduct and is writing to all members inviting disclosure of pecuniary interests as defined in the new rules. In the meantime the existing Joint Standards Committee with the Essex Fire Authority will continue to operate and the existing Code of Conduct continues to be effective but subject to the changes made by the Act and Regulations.

One immediate effect of the statutory changes is that the Standards Committee is not required, and is not permitted, to include an independent chairman or independent members. The legislation does create a new role of independent person to bring an independent element to the determination of complaints but they will not, and cannot, be members, of the Committee.

As a result of this change the Chairmanship of the Committee is now vacant and it is unsatisfactory that this should be the case during a period of change and development. However the office can only be filled by the Council and Fire Authority agreeing the appointment and both resolving accordingly or by an appropriate resolution of the Joint Committee. As there may be some delay in this happening over the recess and as the Fire Authority does not meet until September, the Council are recommended to confirm their nomination for the role.

Recommended:

- (1) That Councillor J W Pike be nominated as Chairman of the Joint Standards Committee.
- (2) That the Council record its thanks and appreciation of the work and contribution of the former independent members of the Joint Standards Committee.

2. Progress Report on Whole Essex Community Budget

Background

The Government's 2010 Spending Review set out plans for Community Budgets to enable partners to redesign public services in their areas, agreeing outcomes and allocating resources across different organisations. In October 2011 the Government published a Community Budget Prospectus. It stated that:

'A Community Budget gives local public service partners the freedom to work together to redesign services around the needs of citizens, improving outcomes, reducing duplication and waste and so saving significant sums of public money.'

In December 2011 Essex was selected as one of four national pilots for Whole Place Community Budgets, alongside Greater Manchester; the Tri-borough (Kensington and Chelsea, Hammersmith and Fulham, and Westminster); and Cheshire West and Chester.

To support the development of propositions from the pilot areas the Government has made available senior Whitehall personnel to be seconded to each area and a budget of approximately £500,000 to enable local partners to second staff in to the programme team. Essex County Council is managing the programme on behalf of partners and we currently have Whitehall secondees from the Department for Education; Business, Innovation and Skills; Department of Health; Ministry of Justice; Department for Work and Pensions; Home Office; Cabinet Office; HM Treasury and partner secondees from a range of local public service organisations.

Our Ambition and Approach

The challenge confronting all public services is immense. For local government, the 2011-15 Spending Review period sees reductions of 25-30% and the Office for Budget Responsibility forecast at Budget 2012 that the annual average reduction in spending would have to be increased by 50% in the next spending period. These reductions in spend are against a background of accelerating demand pressures which add hundreds of millions of pounds to our projected costs over the next few years.

We will not be able to address the scale of funding and demand pressure we are facing by accelerating business as usual efficiency savings. The Community Budget pilot is designed to enable us to make the step change whole system transformation that will be essential to ensure that we can continue to provide essential front-line services.

The focus of the Community Budget is not therefore on the individual savings that can be made by particular organisations operating in isolation but on the system-level savings that can be made by operating across organisations in a more co-ordinated way. This approach avoids the problem of shunting costs around the system (for example between health and social care); aligning investment and benefits (which

sometimes fall to different parts of the local public sector); bearing down on demand (which can be exacerbated by organisations acting independently of one another); shifting spend from expensive acute interventions when things have gone wrong, to cheaper community-focused early intervention and prevention (for example in relation to families with complex needs); and building services around the needs of individuals (which can be a problem when multiple public service agencies model the needs of individuals in different ways).

The Community Budget therefore is an attempt to achieve the public spending slowdown that is necessary whilst protecting the quality of public services that is vital.

The Essex Proposition

Essex's Community Budget Programme is managed by the County Council and is a partnership with all public services in Essex and with Southend and Thurrock.

The Programme currently has approximately £2bn of public spend within the scope of its projects and is developing business cases to prove the Community Budgets concept.

The Programme is divided into four thematic domains: Health and Well-being; Community Safety; Families with Complex Needs; and Economic Opportunity. A fifth set of projects which we are calling 'Enablers' look across these different domains at the cross-cutting issues that need to be tackled if we are to effect genuine system transformation – for example, how we share data with partners; how we configure our separate workforces; how we develop a more joined-up approach to the use of public sector assets.

This paper will now describe briefly each of the four thematic domains in more detail.

Health and Well-Being

The Health and Social Care system across Essex faces demand pressures of approximately £500m over the next three years. Outside of welfare payments, it is the largest component of public expenditure in Essex. There is widespread recognition that deeper integration of health and social care commissioning is vital to achieving better outcomes at better cost in a whole host of areas. For example the Commons Health Committee's Report on Public Expenditure, published in January 2012 noted:

'...health and social care must be seen as two aspects of the same service and planned together in every area for there to be any chance of a high quality and efficient service being provided which meets the needs of the local population within the funding available'.

The Community Budget proposition is therefore to create a single integrated commissioning approach across health and social care – either through the development of agreements based on the existing arrangements; or more radically through establishing a single, integrated commissioning entity within defined localities.

Because of the scale of the spend, this is the most important proposition in the whole of the Community Budget programme. Our expectation is that by October we will have developed a full business case around integration of health and social care that will demonstrate the scale of the savings that can be achieved and the implementation pathway.

Community Safety

Levels of crime and anti-social behaviour can be critical determinants of what makes somewhere a good place to live. Criminals are heavy consumers of public services – services that in their case are often poorly targeted, ineffective, and reactive – treating the symptoms of a problem rather than its causes and thus leading to a cycle of repetition, extra cost and more victims. A cycle that in some cases is passed on across generations – 63% of children of offenders go on to commit offences themselves.

The Community Budget is focused on three key aspects of Community Safety – reducing reoffending; reducing domestic abuse; and building community resilience. The current cost to Essex of reoffending is in the region of £75m/year. The Community Budget will look to reduce that spend by joining up the commissioning of services for offenders, focusing on prevention and earlier intervention – particularly accommodation services; and targeting short sentence offenders who are often those whose offending has the most impact on the public.

This domain will also address the 40,000 or so victims of domestic abuse (DA) every year. Domestic abuse costs Essex in the region of £90m/year. It can have ramifications for children's services and safeguarding, housing, employment, health and well-being. Multiple agencies have different approaches to dealing with domestic abuse and different responsibilities. The Community Budget pilot is engaged in undertaking a systematic review of DA services with a view to developing a single strategy and a single pool of resources for putting in place the multi-faceted responses that are necessary to achieve a sustained reduction in the incidence of DA. The project may also seek specific changes in benefits and housing regulations and the classification of DA as an aggravated crime in order to ensure that it is treated with the seriousness that its consequences demand.

Finally, this domain will take an overarching interest in community resilience. It is a key feature of our work on Community Budgets that we recognise that this is not just, or even mainly, about the state redesigning its intervention models. All public services are in the last resort a partnership between the state and the citizen. Our ambition is to enable communities to take ownership of what happens in their own localities. A prime example of this is anti-social behaviour (ASB) and low level crime. In 2010 a MORI survey of our residents found that 70% of them thought that ASB was a problem in their area. In 2011/12 over 130,000 incidents of ASB and low level crime were reported to Essex Police. The Community Budget programme aims to incentivise communities to take responsibility for ASB and low level crime in their area by, amongst other things, enabling local people to commission for themselves a proportion of local spend on these

areas; strengthening our approach to Neighbourhood Justice; and rewarding communities for information that leads to convictions.

Families with Complex Needs

There are, according to the DCLG calculation, more than 2000 families in Essex that might be said to have complex needs. These families can cost the public purse as much as £250,000/year. Through the Community Budget our ambition is to break the cycle of intergenerational social problems, reduce dependency on public services, and create greater and more sustainable levels of resilience.

At the moment, families with multiple problems often receive multiple interventions from multiple services seeking to achieve resolution of very specific problems. Families and their needs are not addressed holistically and therefore there is the potential for costs to escalate, for interventions to be poorly targeted, for key information and insight to fall through the gaps, and in the worst case for one public agency to directly undermine what another is trying to achieve. The EssexFamily project will address this through multi-agency integrated commissioning based on the whole needs of the family. To achieve this it will be necessary for budgets to be pooled across different public services and agencies, and for there to be a single commissioning approach centred on the family.

If we can get this right, not only will outcomes be dramatically improved but the savings will also be significant. At the moment we calculate that 90% of the spend on these families is non-productive. It is reacting to crisis not delivering sustainable, long-term improvement. In the future, if we can, for example, scale this approach to deal with 500 families a year it is capable of delivering savings to the public purse in excess of £26m/year.

Economic Opportunity

Finally, the Community Budget recognises that addressing public spending pressures deals with only one side of the equation. We also need to support government and business to create economic growth. The Community Budget is exploring two key areas to address this – skills and infrastructure investment.

There is widespread recognition that the current skills system is flawed and pays insufficient attention to the needs of business and the future demands of the economy. For example, a recent report from the LGA noted that in the last year 94,000 people had completed hair and beauty courses despite there being just 18,000 new jobs in the sector. Basildon, at the heart of one of the most significant concentrations of engineering and advanced manufacturing companies in the country, was identified as having a huge oversupply of hair and beauty skills.

There is no active commissioning of skills in the current system. There is no way of linking up the demands of the economy with the publicly-funded provision of training and the incentives for skills providers to address these wider needs are weak. The Community Budget proposition will address these issues for the 16-24 year old cohort by introducing business-led active commissioning of the approximately £200m that is spent

by the skills funding quangos in Essex every year on vocational training, apprenticeships and adult skills. We will also be exploring incentivising providers to ensure that the qualifications they offer support positive economic outcomes through payment by results mechanisms. And we will also explore the introduction of a youth opportunity guarantee so that all young people leaving statutory schooling will be given a choice of productive options – just moving on to out of work benefits will not be possible. Not only will this approach deliver savings on benefit spend, higher tax revenues, and increased spending in the economy, but we also expect it to deliver reductions in demands on other public services.

To support the drive for economic prosperity the Community Budget is also focused on transport and infrastructure. There is broad recognition that investing in infrastructure is a key driver of economic growth. These projects are designed to ensure that across the public and private sector at both national and local level there is a shared view of the key infrastructure and transport priorities for Essex and a single gateway for commissioning infrastructure investment. The object of this approach is not to save money per se but to ensure that infrastructure investments give maximum bang for their buck and are strategically co-ordinated so as to maximise their impact.

Key Issues

Overall our approach to community budgets is fourfold. First we aim to improve the efficiency of the public sector; not organisation by organisation but at the level of the whole system. Second, and falling out of that approach, is a focus on managing down demand – recognising that we cannot continue to respond to growth in demand but must find a way to ensure that public services bear down on it rather than, in some cases, actually creating it. Third, we will need to do far more across our public services to integrate our commissioning activity – this is as true of Health and Social Care as it is of Police and County Council or County and District services. Ultimately we will need to explore the mechanisms that will provide us with the strongest platform for securing enhanced levels of integrated commissioning. Fourth, we must place communities at the heart of what we do. We must not think that Community Budgets are about shifting around the deckchairs on the public service ship of state. Community budgets must focus on how to build community resilience, responsibility, and ownership – how does less public service engender more community spirit? Finally, we cannot do all of this and ignore the importance of the need to stimulate higher levels of local economic growth. Essex is a key player in the South East economy and we must strengthen our skills base and target our infrastructure investment if we are to maximise our economic potential.

To achieve our Community Budget objectives two things are of vital importance. First, government will need to be willing to negotiate with us a new settlement for public services in Essex. We will be asking for significant devolution in some areas and the relaxation of rules and regulations in others. Second, we will need to work closely with our partners from across the public service landscape in Essex. The Community Budget will challenge the way all partners currently operate including the County Council – we will need to make sure the benefits demonstrate why those changes are not just necessary but essential.

Next Steps and Timings

The Community Budget is operating through the development of business cases. The deadline for the creation of the Final Business Cases (FBCs) is the middle of September. We will be using the FBCs as the basis for our submission of an Operational Plan to Government at the end of October.

Our Operational Plan will need to make clear not just what we can achieve locally, but also what the potential for even greater savings and improved outcomes might be if the Government were genuinely prepared to let local people determine the future shape of public services in their area.

