

---

## Step 8: Join Up Services to Improve People's Lives

### 1. What we want to achieve

The Core Cities' aim is to be financially self-sustainable. To achieve this, we need a clear focus not just on economic growth, but also on supporting people to benefit from that growth, with more people becoming financially independent and contributing to the economy. This will mean a significant increase in total tax take – resulting from economic growth and jobs – which will also reduce the need for public services to pick up the costs of failure, so that support can be redirected toward investments which improve prosperity and wellbeing.

Investment in the levers of economic growth – infrastructure, housing, skills and support for businesses – will enable Core Cities to create more and better jobs, compete internationally and increase GVA, and our Prospectus for Growth sets out proposals to accelerate this. But growth alone, without connecting people to that growth so they can contribute and share in its rewards, will perpetuate the economic, health and social inequalities which remain features of big cities.

Just as economic growth in the Core Cities is critical to the growth of the UK as a whole, reform of the public sector - making services that support people and places more efficient and effective - is essential to the success of these critical economic and population hubs. Demand for some services like health and social care is rising as the available funds to deal with them are reducing. A different approach is required to make services sustainable for the long term, to ensure that they support a high quality of local life and environment which are important to business growth, and that cities are able to continue to invest in their economic development.

Core City authorities already have many of the necessary policy levers needed to make a difference, and have a density of institutions and facilities that can support change. Partly because of their scale, and partly because these are the places that face some of the most complex and challenging social issues on the ground, the Core Cities are ideally placed to lead the agenda for reform of the public sector. Through the strength of our leadership and governance, the Core Cities can overcome many of the barriers to integrating public services across places.

Because of the scale of the economic opportunity Core Cities offer – already producing 27% of England's wealth and capable of much more – they can also add significant value by connecting policies for growth to policies for reform within their urban areas, supporting business to create more and better jobs and aligning local services to bring more people into employment.

To achieve these changes requires more alignment of local and national plans and spending within a place, enabling cities to deliver local solutions to local problems, devolving and integrating budgets at the local level, and empowering cities to join up services. This is particularly important around health and social care, skills development, employment and welfare support, wrapping services around individuals and families within places.

## Step 8: Join Up Services to Improve People's Lives

The Community Budget Pilots have demonstrated how Core Cities can deliver better services that improve people's lives - increasing employment, improving health and reducing welfare and care costs in the long term. This agenda is not about additional money, but how Government spending plans are intelligently deployed and aligned to meet local priorities across places to achieve better outcomes.

## 2. Why change is needed

***Cities face some long standing issues that are a drag on growth and productivity within their labour markets.***

Low skills levels, high unemployment, dependency upon public services, poor health and mortality rates all exist side by side with economic opportunity in most big cities globally and Core Cities are no different. Core Cities recognise the need to strengthen our labour markets and reduce what we spend on dealing with failure – through health services, the criminal justice system and benefits system. To become financially self-sustaining, Core Cities need more people to be independent and contribute economically, driving economic growth instead of creating high levels of demand and spending on expensive reactive public services. The reform of public sector practice, structures and finances - tackling low skills, worklessness, ill health and dependency - is intimately linked to developing a sustainable and more productive economy within big cities.

***The current approach to Austerity is not working.***

Despite the significant cuts to some areas of public spending, evidence from the Whole Area Community Budget Pilots suggests that total public spending within big cities has not really reduced in real terms since 2008. For example, in Greater Manchester, total public spending was £21 billion in 2008 and £22 billion in 2012.

This evidence also sets out a compelling case that without reforming current service delivery, public sector austerity will not reduce public spending overall, with lower spending from local authorities and other agencies being offset by increases in welfare and related services. The Greater Manchester analysis shows there is now a greater proportion of public money spent on the costs of dependency than on opportunities to reduce the demand for those services, and to increase growth. Early analysis suggests a similar picture in the other Core Cities.

The imperative to reform has increased following settlements for local public services in 2015/16. Reforms are taking place in all of the Core Cities to reduce the need for public services to pick up the costs of failure, and redirect support towards investments which improve economic growth and wellbeing. The issue is the pace and scale of change. Community Budget Pilots have provided real evidence that integration of public services into bespoke package of evidence-based interventions can deliver significant savings and better outcomes for troubled families, justice and rehabilitation, health and social care and in addressing low skills and unemployment.

Moving to greater scale will mean convincing partners who are in control of the key elements of public spending, locally and nationally, to fundamentally change the way they operate to invest in reform at scale. That will in turn mean generating the highest quality evidence to

## Step 8: Join Up Services to Improve People's Lives

convince partners that reforms will lead to reduced demand for their services as people become more self-reliant, healthier or move into employment, training or education. This will need to include key budget areas that are controlled nationally, where there is currently very limited opportunity for local players to share in the risk and reward, for example single departmental Payment by Results contracts such as the Work Programme.

### ***Adult social care is facing a “fiscal cliff” unless we act now.***

The challenge of responding to an ageing society is one of the greatest challenges of our age. Demands on health and social care services are rapidly rising as the population ages, new treatments emerge and public expectations rise. The bill for health and social care makes up one of the biggest blocks of public spending across Core Cities, part of which is the responsibility of city authorities, where spending is increasing as budgets overall are being cut. On the current trajectory, services cannot be sustained at the same level beyond 2019.

Health and employment are intimately linked, with unemployment the single biggest indicator of poor health. And yet systems of health, social care and employment remain poorly integrated, in part because of complex organisational structures across England, which can result in a lack of alignment between local and national agencies within cities.

Reducing demand on services requires greater preventative action and more local joining up, seeing issues and solutions as linked across health, education, care, justice, employment and skills services, and not in silos. Core Cities can offer an holistic approach to dealing with complex individual and community issues, by bringing a wider range of public investment and services to bear on issues in a focused way.

By linking health and social care integration to the devolved commissioning of the Work Programme, skills and employment services and the operation of Universal Credit, and then connecting this set of services to raising skills and creating employment opportunities, city authorities could unlock new solutions in how services can integrate to improve the economic, health and social wellbeing of the wider population, increase jobs and use resources more efficiently.

## **3. Core Cities offer and proposal**

What is certain is that the current trajectory is not sustainable. The solution is not simply for city authorities to deliver more efficient public services. It is about reducing the need for those services in the first place, creating a sustainably competitive city for the long term, where all of its people can contribute to and reap the rewards of a strong economy. To achieve this, new ways of funding and delivering services must be developed, underpinned by a fit for purpose public sector that provides the conditions for private sector growth. Reform of public services, alongside complementary growth measures is critical to achieving this and rebalancing the economy.

Place based settlements provide the mechanism through which cities can join up services, integrating health and social care budgets and delivery, joining up welfare support with wider employment and related services including the Work Programme.

## Step 8: Join Up Services to Improve People's Lives

Core Cities are ready to assume a greater level of responsibility for the delivery of better outcomes. They have the scale, networks, capacity, opportunities and drive to make this happen. To achieve this step change means taking a radically different approach. In the spirit of localism, the mix of reform priorities will differ between different places.

Building on the approach adopted through City Deals, the Core Cities encourage the Government to be more radical in devolving power and responsibility, and addressing the compartmentalism which dominates the thinking of individual government departments and agencies. Place based settlements provide the mechanism through which cities can join up services, for example, integrating health and social care services and budgets, joining up welfare support, the Work Programme and wider employment and related services to focus on common ends.

### Core cities propose the following:

#### 1. Place Based settlements and devolved commissioning

- **A 'Place Based Settlement' should be made with each Core City** (effectively a single way of budgeting across all public services), allowing issues like 'troubled families', health and social care, welfare, unemployment, crime, to be dealt with in a holistic and joined up way, breaking down the silos of national departments and their agencies.
- **Devolving commissioning of the Work Programme** to cities could secure genuine and sustainable reductions in the numbers of people on benefits and increases in the number of people moving into employment, education or training. Genuine welfare reform requires greater local capacity and responsibility to deal with the consequences for individuals, particularly in the interactions between housing, health services and welfare systems. Early success for the "troubled family" programme illustrates the potential for locally-led approaches based on the needs of individuals, their families and communities.
- **Greater certainty of funding over a Spending Review period**, on a par with Government departments. Current funding periods of 1-2 years make it very difficult for any partner to invest over a long term. Certainty over budget means partners can share budget planning timescales and priorities as well as sequencing decision making.
- **Ability to retain a share of cashable savings** in the place over a longer period from reforms, in order to make reforms financially sustainable.

#### 2. Core Cities to lead the integration and delivery of Health and Social Care services

The approach to national government spending has to change, to one that understands the links between different services and how can they work together more effectively. A number of studies<sup>1</sup> indicate that taking an integrated approach to Health and Social Care for the frail and elderly could save up to 15% on delivery costs. This is equivalent to Newcastle saving £44m and £29.5m per year on its Health and Social Care expenditure respectively.<sup>2</sup> Based

---

<sup>1</sup> PwC, (2012), Delivering the benefits of greater health and social care integration: Working together, delivering outcomes, reducing cost, November 2012; McKinsey & Company, (2012), Study into Health and Social Care in Manchester, 14 November 2012

<sup>2</sup> Core Cities Growth Plan – why finance matters, October 2013

## Step 8: Join Up Services to Improve People's Lives

on the Troubled Families Community Budget pilots, Core Cities could potentially avoid costs of between £62.0m and £75.0m per annum for every 1,000 troubled families successfully worked with<sup>3</sup>.

The key issue is how to invest in out of hospital services at scale, which in turn prevent people from making unplanned admissions to hospitals, and to long-term residential care. This will require a shift of resources from acute trusts to community services. Local authorities, Clinical Commissioning Groups and Acute Providers need to further develop relationships that demonstrate how these resource flows work based on detailed models of care that fit local health economies. To invest in this way requires a number of actions from Government.

This should include the following:

- **Multi-year budgeting** for Clinical Commissioning Groups and local authorities to encourage investment in reforms that take several years to generate a cash return.
  - **Direct support from Government for non-traditional financial and organisational models** including 'alliance contracts' for all providers in an area to deliver agreed outcomes, and support navigating the competition and other concerns this might generate.
  - **As new health institutions and responsibility take effect, the Core Cities should establish strong local relationships which transcend barriers** between institutions, and follow the needs of clients, investing to create age-friendly cities which promote independence, empowerment and economic opportunity.
  - **Enhance local accountability** through the new partnership structures of Health and Wellbeing Boards.
  - **Core Cities to help raise productivity** through improved health and social care aligned with skills and employment opportunity, and to maximise the economic role of health facilities as major employers.
- 

<sup>3</sup> PWC for Core Cities 2013 "Draft summary reform Join up Services to Improve People's lives Nov13.docx"