

REPORT TO: SCRUTINY COMMISSION  
DATE: 8 NOVEMBER 2012  
REPORT OF: MIKE MORE, CHIEF EXECUTIVE  
TITLE: CHIEF EXECUTIVE'S REPORT

## 1. Purpose

- 1.1 To update Scrutiny Commission on significant matters of corporate interest.

## 2. Community Budgets

- 2.1 The Tri-borough authorities are one of four areas nationally which have been engaged on the Community Budget discussions with Government. The other areas are Greater Manchester, Essex and Cheshire.
- 2.2 The term 'Community Budget' is perhaps misleading in that the programme is neither 'community' nor 'budget'. It is best regarded as an element of public sector reform, which addresses the concerns, long expressed by the City Council, that public sector processes are too complex, too fragmented and do not align accountability and financial returns. This issue is well exemplified by our experience of Family Recovery and the opportunity for change exists in many areas.
- 2.3 The process has focussed on a few key areas where we believe change can be progressed now. One of the key characteristics of the Community Budget process has been the secondment of a number of civil servants to work on the proposals with us: this is a major and beneficial change from the normal 'supplicant' relationship.
- 2.4 We are formally submitting proposals across a number of areas to CLG (on behalf of Whitehall) on 31 October. We expect ongoing discussions with all relevant Government departments in the following months and implementation of some of the proposals in April 2013.
- 2.5 The current working draft submissions of the 'Area Plan' (the overarching document pulling together the detailed business plans) and the Executive Summaries of the detailed business cases are attached at Appendix 1
- 2.6 ***Health and social care***  
There has been very good engagement at senior level with DH, Monitor and the NHS Commissioning Board, focusing on the practical issues surrounding integrating health and social care. The crux of the issue is how to create the environment,

leadership and technical competence to design and undertake change of this nature and scale. The key issues under discussion are - new payment models for providers which move away from the national tariff; 3 year funding settlements for CCGs to enable more combined working; enabling greater data sharing between health and social care; and flexibilities around the health and social care workforce. To date the discussions indicate that there are no major blockages on these issues but the practicalities of undertaking these changes will require targeted support on these specific issues. We are therefore aiming to agree a period of continued targeted support to the pilot areas around these issues from October.

## **2.7 *Families with complex needs***

The key issue raised by all pilot areas is the need to establish a sustainable approach post 2015, when the current central government funding for troubled families ends. There have been several discussions with the Troubled Families Unit (TFU) who share the objective of ensuring sustainability of the approach and are keen to use the knowledge and experience from the pilot areas. In particular, we have agreed to work collectively with TFU to develop mechanisms to enable a specific focus on tackling worklessness in the TF cohort - going beyond what is currently possible through local deals with Work Programme Primes. We are putting together specific proposals to be tested next week in discussions between TFU, DWP and BIS. TFU are also keen to support areas wishing to bid for the Cabinet Office Outcomes Fund and to continue a discussion about how this approach could potentially be scaled up. These issues are unlikely to have reached a conclusion by end October but we would hope to have reached clearly positive positions by end November.

## **2.8 *Work & skills***

The ambition across all 4 pilots is to ensure that investment in vocation learning delivers skills and qualifications that match local employers' needs. Discussions with BIS are focused around strengthening the local influence in relation to the Skills Funding Agency and adult FE provision, and extending the current outcome payment pilots to cover a greater proportion of post-19 funding and a wider range of job-related outcomes. Initial discussions have been encouraging and we are currently sharing the detailed business cases in advance of more detailed meetings over the next week. Essex have already shared their proposals in detail with BIS and are now working through specific issues with their local Skills Funding Agency team. The critical issue will be ensuring that BIS can clearly see the additional benefit of making changes to a system which has recently undergone a fair amount of change, including greater provision for providers to respond to demand at local level. This will require further senior level discussions throughout November. There are a number of bilateral asks also being pursued in relation to DFE.

## **2.9 Assets and infrastructure**

*Assets* – there has been a positive response to the proposal that the Government Property Unit consult local public sector asset management groups before purchase or disposal of assets in an area. We are hopeful of reaching specific agreement on this.

*Infrastructure* - each pilot is pursuing specific infrastructure issues. The issue common to all is the desire to ensure that National Infrastructure Planning and Infrastructure UK recognise potential economic growth impacts when taking national infrastructure decisions. Initial discussions are underway, and it is hoped that we will have established a clear direction of travel by the end of October with further senior level engagement will be necessary throughout November.

## **2.10 Data sharing**

Each theme has raised specific issues surrounding data sharing. These are being worked through in each case. The key overarching issue in relation to data sharing is how to enable those involved in decision making to take a positive approach towards data sharing, ensuring that the clear advantages to integrated public service provision are properly taken into account. Discussions are underway with the Cabinet Office about committing to a specific review to develop options for change. Under their advice we will also be talking directly to the Office of the Information Commissioner.

# **3. Police and Crime**

## **3.1 Local Policing**

The Met Police Commissioner is in the process of evaluating changes to the policing model in London. The basis of the new Local Policing Model is to maintain Safer Neighbourhood Teams as the foundation of delivery with additional police resources moving into local teams from some of the investigative units so local teams will lead on local crime responses and investigations. As part of the local implementation of the new model, Westminster has reached agreement to form a dedicated West End Neighbourhood Police Team to continue the success of Operation Trafalgar. This has meant that overall, Westminster will not lose front line officers under the proposed changes.

- The new policing model will be implemented under a new borough commander, Alison Newcomb, who takes command on 5 November.
- We are currently reviewing a number of Council and Partnership services and structures to ensure they effectively support the new policing model in Westminster.

## **3.2 Crime Board**

An internal Crime Board has been established.

The rationale behind its establishment is that currently resource discussions take place with individual directors/commissioners and there is limited opportunity to coordinate aspirations and priorities. Furthermore, there is a multiplicity of activity associated with the delivery of community safety priorities across five Strategic directorates. Some of this work is regularly reported to the Cabinet Member and SWP, but some never is; and the extent to which the work is co-ordinated across directorates is highly variable. The Council ought to speak with one voice in articulating its community safety priorities, either at the SWP or elsewhere: but there is no internal process or forum located below the level of Cabinet/SEB where a single joint position can be developed.

The Crime Board will help develop clear internal leadership and a more formal structure around the community safety agenda. This board will be chaired by the Cabinet Member with responsibility for Community Protection (Cllr Nickie Aiken) and managed by a SEB member (Leith Penny).

lead senior officer responsible for delivering on the agenda and answerable to the board. The Crime Board will meet quarterly, with a work programme and issues arising being presented to Cab/SEB on a bi-monthly basis.

The first meeting of the Crime Board will be in late November.

### **3.2 Community Safety Funding**

We have received an early indication from the Mayor's Office for Police & Crime (MOPAC) that the provisional funding settlement for Westminster is likely to see all existing MOPAC grants pass ported through to the Safer Westminster Partnership, but with a cut of between 12 and 20%

- This, together with the mainstreaming of some posts, and the planned reduction of certain activities means that we are now in a position to sustain our activity under the *Your Choice* Ending Gang & Youth Violence Strategy, for a further year, until we can make a full evaluation of the programme in April 2013.
- Unfortunately, the picture for *Breaking the Silence*, our strategy to tackle domestic abuse, is not quite so positive and without additional funding, or reductions in activity, we are still looking at a significant funding gap for 2013/14. Officers are continuing to review the current service offer to identify efficiencies, to mainstream grant funded provision within the upcoming budget options round, and making recommendations regarding areas of development that may not be taken forward. Our priorities are to maintain current provision for High Risk victims of Domestic Abuse, and to continue to support the Dedicated Domestic Violence Court which has been running since mid-September, and the new Domestic Abuse Surgeries from November

- The Deputy Mayor for Policing has recently written to the Leaders of each local authority in the North London Rape Crisis Centre (RCC) consortium, to inform them of the level of funding MOPAC are putting into the RCC in 2013/14 and have requested that each borough increase their contribution from £15,000 to £20,000 per year. As the lead borough in the consortium, we are currently working with the other six boroughs and the service provider, Solace Women's Aid, to determine to amount each borough is willing to contribute to the service, and the implications on delivery at different levels of funding. The steering group is due to meet at the end of November to consider our final position and to report back to the Deputy Mayor accordingly.

### **3.4 Time to Wake Up - Tackling gangs one year after the riots**

#### **The Centre for Social Justice – October 2012**

The Centre for Social Justice (CSJ) report 'Time to Wake Up' follows their 2009 publication 'Dying to Belong' which was a review of street gangs in the UK. In 'Dying to Belong' the CSJ argued that without concerted action to tackle gangs' root causes more violent and appalling behaviour would continue.

'Time to Wake Up' is the product of talking to members of CSJ's UK-wide Alliance of small, frontline organisations and charities one year on from the riots of 2011 to assess the Government's response and their progress to date.

As such, instead of providing a list of recommendations the report simply acts to highlight current shortcomings of government policy.

#### **Main concerns:**

##### ***Power Vacuum***

1. The arrest of key gang members has left a power vacuum in some gangs which has led to an escalation of violence – urgent work is needed to mitigate this upsurge and to help younger gang members disown gang life.

##### ***Prevention***

1. Early prevention work has 'fallen off the radar' in relation to gang-involvement.
2. There is a lack of joined-up thinking between various agencies and programmes to prevent young people from joining gangs in the first place.
3. There has been an increase in the number of girls joining gangs.
4. There is an urgent need to improve relations between the police and young people.

### ***Funding***

1. The Government is taking a short term approach: 'it takes years to work with gang nominals; transformation cannot be achieved with short term funding', yet the Government has required organisations to spend all their funding by 31 March 2013.
2. Short-term funding is highly destabilising for the recipients of the monies and distracts them from service delivery.
3. Money has failed to filter down: there was poor communication between government and charities about the availability of funding following the riots – this is being seen as symptomatic of 'a complete disconnect between what goes on at the policy level and what goes on, on the ground'.

The report argues that the Government must set out a long-term commitment to defuse the problem of gangs in the UK. To do this it must build stronger families and communities, invest in thorough preventative work, and improve relations between the police and young people

### **Council response:**

We recognise the arguments set out in the CSJ report as valid and indeed came to very similar conclusions. That is why the Your Choice Programme of interventions and agencies and the Integrated Gangs Unit were established, to set out an end-to-end intervention strategy that is committed to a generation and seeks to make best use of scarce resources. The Your Choice Programme surrounds enforcement with support and aims to pre-empt power vacuums by a clear knowledge of the gangs. This is only possible with strong partnerships and the YC is cross agency, cross age range and operates across borough, when required.

The drop in HO / MOPAC funding for Gangs work is clearly a big challenge to the commitment WCC has made in a time of fierce budget constraints for all.

#### **Power Vacuum**

- 1) While we recognize this could happen this has not been our experience in WCC. We work in an integrated way across identification, prevention, diversion.
- 2) All the top 30 YP's all have plans in place and workers allocated – not only the very top / enforcement ones, as do the top 10 victims and those coming out of prison. We consider all the younger siblings in the families and try to ensure that wherever possible and relevant we engage them too.
- 3) Referrals are not limited to GMAP and we work with younger ones and have 12 and 13 year olds on our case load. We also seek to identify early through work and information sharing agreements with schools and community projects.

**Prevention**

- 1) We have commissioned GAG to work with all the schools in WCC in a preventative manner. The work is supported by the IGU and Locality workers. We have a dedicated email address for anyone to use to highlight issues.
- 2) The Localities Teams all have regular area meetings with a wide variety of statutory, schools, health and VAC groups.
- 3) We have 1.2 Girls and Gangs workers and have started mapping the problems.
- 4) Police are key partners in the IGU and we are working to improve relations between them and the Police.

**Funding**

- 1) WCC recognized this problem early on and committed to using all available funding to secure a 2-5 year programme which started in 2011 however the issue of the current funding drop-off will be very challenging.
- 2) The Your Choice Programme aims to make best use of short-term funding by offering consistent framework for short term funding to be a part of.
- 3) The IGU involves local and national charities and statutory agencies working together in one team.

**4 West End Commission**

- 4.1 The City Council submission is attached at Appendix 2.
- 4.2 The Leader and Chief Executive will make a presentation in a few weeks to the Commission in which we will build on the submission to put forward positive WCC-led proposals for governance and shaping the West End.
- 4.3 The West End Commission should be seen alongside the Mayor of London's 2020 vision exercise. The City Council's input to 2020 collation of views by London Councils is attached at Appendix 3

**5. Customer Programme**

- 5.1 The strategy for the Customer Led Transformation programme is driven from the clear evidence that Westminster residents and businesses are already at the leading edge in adoption and use of digital technologies:
  - 90% of Westminster residents have access to the internet
  - 55% of Westminster residents have seen the council website in the past six months
  - 89% of 16-25 year olds use a smartphone

An early example of this is seen in the adoption and use of the online parking permit solution, which has exceeded our expectations. Since March 2012, over 90% of parking permit transactions have been conducted on line, surpassing the agreed

corporate goal of 80%. There has been no substantive negative reaction to our strategy in terms of customer satisfaction measures or increases in complaints. Indeed the recent City Survey results show improvements in key indicators on attitude of Customer Services, final outcomes, value for money and being kept informed by the Council.

- 5.2 In addition to supporting the capabilities delivered in 2011 and ensuring customer service levels are maintained and enhanced, a number of improvements have already been delivered in 2012:

1. Additional Web Page improvements include:
  - Parking, Highways Licensing, Children's, Member services, Complaints, Registrars
  - Further on line web forms for Registrars, Parking, Building Control, Highways Licensing and Planning
2. Significant progress in our goal to become a cashless council
  - Innovative use of Post Office to provide controlled access to cash for our most vulnerable customers
  - 39 primary schools responsible for processing their own cash from 12th Nov. 2012 - substantial reduction in cash coming into City Hall (approx £25k per week) enables termination of Serco cashiers function (£50k annual saving)
3. Web Chat continues to deliver valuable insight
  - a. Live on Children's, Parking, Registrars and Licensing
  - b. Approximately 30 "chats" per day on Parking
4. Excellent engagement with the Westminster Business Council
  - focus group with local business representatives has been scheduled.
5. Interactive Voice Response (IVR) and the simplified telephone numbering system (12 by 2012) are now in project delivery.

- 5.3 We retained two of the original One Stop Service staff, initially to help in supporting the transition after the service was closed. They work with the programme and service teams on the "WebChat" facility. This has proven to be an extremely productive tool both for both ourselves, and our customers. It enables us to understand where customers face most difficulty in using the web site and to offer assistance focussed on helping people to self serve.

- 5.4 We have continued to work with the Post Office on maximising the value for money and convenience that this offers Westminster customers. Rent payment for CityWest Homes at a significant reduction in transaction cost was added earlier in the year, and we are piloting the use of the "Pay Out" in adult services. Cash can be paid out on presentation of a voucher at the Post Office, thereby reducing the need for cash



on council premises and expensive cash collection services. We are also jointly investigating the potential role the Post Office might play in delivering more complex services.

- 5.5 It should be noted that while some short term savings will be realised from the current projects within the programme, most operational savings are tied to the current CSI contract and will not be fully realised until after the contract terminates in November 2014. From experience, the transition from the current contact centre model to a new way of working will be complex, and the risk should not be underestimated. However, the potential reward both for our customers in terms of service improvement and the Council in reducing operating costs is equally high.
- 5.6 The Customer Strategy Steering Group is jointly chaired by the Chief Executive and Councillor Caplan and is charged with developing a corporate strategy for CSI contract replacement.

## **6. Olympics Legacy**

- 6.1 The London 2012 Olympic and Paralympic Games have been considered among the most successful ever, with the important contribution of the City Council being recognised by spectators, athletes, the International Olympic Committee (IOC), the International Paralympic Committee (IPC), and the media.

The City Council had two objectives: to play its part in delivering a safe and successful Games and maintaining business as usual as far as possible for our residents, businesses, stakeholders and visitors.

- 6.2 A detailed report describing what was done to prepare for and deliver the Games in Westminster, and setting out the legacy benefits, is due to be presented to the Cabinet on 12<sup>th</sup> November. The Council's role will be described under the following headings:
- Facilitating the Games and major parallel events
  - Maintaining services, keeping the city moving, and protecting customers
  - Communicating with residents and businesses
  - Sport and Culture
  - The economic impact of the Games
  - Lessons learned, issues raised and legacy opportunities.
  - Managing major events in the future.
  - Financial implications of the Games in Westminster.
- 6.3 Among the matters which the report will highlight are: the scale of Westminster's sporting legacy; the impact of the additional resources invested in planning

enforcement in reducing short-term lets and housing benefit fraud; the effectiveness of the new 'marshalling' approach to traffic management; success in recovering our Games-related costs; and the consolidation of interagency event planning in delivering a safe and successful Games. It will also describe how we will continue to work within the City Council to ensure that the lessons learned, and experience gained, are captured and maintained for the future, in particular the heightened degree of inter-service co-operation which was a key ingredient of our success. Finally, the report will conclude that although it will take some time before the longer term effects of 2012 become fully apparent, either for Westminster or for London as a whole, it is certain that our collective success, in uniquely challenging circumstances, will continue to deliver legacy benefits for our residents, businesses, visitors and stakeholders for many years to come.

## **7. Better City Better Lives**

- 7.1 Better City, Better Lives is Westminster City Council's vision to improve Westminster over the next five years. The programme, which will be launched shortly, explains how the council will work with residents, visitors and businesses to build a city in which everyone plays their part for the good of the community.

The world is changing rapidly and the role of a council is being transformed just as quickly. In this context, and with fewer resources, we must focus our efforts where they will have maximum impact, work in partnership with others wherever possible and enable and empower others to take responsibility for themselves

- 7.2 The principles set out below will form the basis of all decisions the Council makes from now onwards.

### ***Guaranteeing fairness***

Most of what makes the city successful is the result of private enterprise and community spirit but Westminster City Council plays a vital role as a guarantor of fairness. We must ensure that services are targeted at those who most need them, and that service users understand their responsibilities.

### ***Providing ladders of opportunity***

Where possible, Westminster City Council will provide opportunities for those who want to take them so that they can better fulfil their potential and live happier, healthier lives.

### ***Promoting a responsible society***

It is individuals, communities and businesses that make Westminster a great place to live and work but we will do more to promote a sense of responsibility and accountability.

The Better City Better Lives programme document will serve as a route map, guiding us towards our goal of making Westminster the home of empowered communities, responsible citizens and a thriving economy.

## **8. Performance and Risk**

- 8.1** We formally collate performance and risk across the Council on a quarterly basis. This is the most recent complete Quarter (ie to July). I hope to be able to update the Scrutiny Commission on the Quarter to end October at the meeting.

Overall performance against items in the business plans as at Quarter 1 is positive. Delivery of the Council's business plans for 2012/13 has been very successful over the first quarter.

- Deliverables – 36 of 353 (10%) deliverables are now complete with a further 303 (86%) on track to complete by their agreed deadline. 6 deliverables are currently considered to be off track but the majority of these have completion dates of the end of the current financial year so are more likely to be considered low risk at this stage.
- Milestones – 133 of 817 (79%) milestones are now complete and 11 (13%) have not completed within agreed timescales for this year. The remaining 10 (8%) milestones are expected to be delivered in 2012/13 or beyond, of these 8 are on track and 2 off track.
- Priority measures – of the 111 measures in the performance framework with information available 82 (74%) are on track to meet target or improve on the previous year. 27 (24%) are currently off target. The full list of measures is available at appendix 4.

### **8.2 Tri-borough update**

- Increasing number of shared IT applications available.
- Details have been release showing staff how they can apply for access to certain IT systems in other boroughs.
- The Tri-borough Library Service is now running as 'business as usual', having completed all elements of the project to share the service across the Tri-borough councils.
- The Corporate Services programme The 'Voice of the Customer' survey captures the opinions of 300 managers and staff attended engagement events and progress continues with developing Target Operating Models for key back office functions.

- Total Facilities Management (TFM): The TFM project starts the second phase of Competitive Dialogue with bidders, to hear how they would deliver the TFM contract for the Tri-borough councils.
- The Community Budget team, including the Whitehall secondees, has now officially started its programme of work.

### 8.3 Adult Services and Health

Adult Services is now managed as a Tri-borough function and a single performance framework for all three boroughs has been developed. The performance framework covers 8 priority outcomes listed below. For the data that exists, indicators have been risk assessed based on the performance of the available measures against each outcome.

Priority outcome.	Performance risk assessment
Greater productivity and value for money.	On track
Preventing people from dying prematurely.	Insufficient data
Maximise self reliance, personal responsibility and enable more people to find their own care solutions.	On track
People are provided with the right help at the right time to facilitate recovery and regain independence.	At risk
People with long term conditions stay independent for longer and are able to live the lives they choose.	At risk
Risk is effectively balanced between empowering and safeguarding individuals.	On track
People with disabilities are active citizens and enjoy independent lives.	Off track
Identify carers and have their needs met within their caring role.	At risk

The council has continued to reduce the unit cost of home care since 11/12. Also the unit cost of residential care and nursing care are on a downward trajectory however the number of referrals to residential and nursing care have increased slightly since last year and will continue to be monitored for effects on expenditure in this area.

In terms of priority measures the number of people being supported at home has also reduced showing that reablement work is having a positive effect. Currently the proportion of people who leave the service with no ongoing package of care is at 81% and in the longer term 88.9% of clients who do not receive ongoing care at the end of the reablement programme did not receive further care from social services over the subsequent 2 years. The Percentage of known carers assessed or reviewed remains low. The service indicates that a number of new initiatives have been put in place to improve performance. Headline data for July suggests a marked

improvement in the number of cases successfully completed but historical performance in this area has been lower than 50% by the end of last two years.

#### **8.4 Children's Services**

13 out of 91 milestones in the Children and Young People Business Plan completed this quarter, with 3 of these also being stand alone deliverables. The Council has made good progress strengthening provision for children on the "edge of care". The principle of this work is to focus on placing children in to care where we really need to, and enabling children that can go back home from care at the earliest suitable opportunity. There is now a greater resource of Family Support Workers and Systemic Therapists working together under the Family Recovery Programme. Training has also been delivered to a wider pool of social care staff. Success in this area has two beneficial outcomes as it helps to avoid high cost care interventions and allows children concerned to get back to their families sooner. Significant changes to current processes in Children's Services are required to meet the challenges of the Munroe Review, Family Justice Review and new duties for children and young people with Special Education Needs. These areas have been flagged as significant risks.

In terms of priority performance measures the majority of Education indicators are not available this quarter. 81% of indicators are currently on target. Initial headline data suggests Westminster school children have performed well in the recent GCSE examinations but results from of the larger Academies are yet to be received by the Council. Official figures will not be available until January 2013. The service expects more variance between provisional data and the final position due to the growing dissatisfaction amongst head teachers regarding grade boundaries for English GCSE examinations. This potentially has an impact on the ability of students to access higher education places or work placements or training where a good (A-C) GCSE pass is a prerequisite. There has been a noticeable increase in the percentage of children becoming subject to a Child Protection Plan for the second or subsequent time. This is currently standing at 23% well over the target of 10%. The number of children in this particular cohort is small but these children have already been subject to a formal care intervention.

#### **Risks**

There is a risk that Looked After Children numbers and high cost placements start to rise, increasing demand for placements. Even without a rise in overall numbers, ongoing or even increased demand for high cost placements, particularly for adolescents, will put pressure on placements budget. Ongoing development of early intervention and preventative services – will help us to identify families early and prevent needs escalating. Evidence based treatment programme begins in September 2012 offering alternative to care for 10-17 year olds.

Munro Review and Family Justice Review will require changes to existing practices and procedures. Implementation of new ICS electronic recording system may involve changes to frontline practice recording systems which could have impact on service delivery.

Reduced capacity to support school improvement and intervene with schools is causing concern. Timing of tri-borough re-organisation could delay development of ongoing support to schools. New OFSTED inspection framework imposes a more rigorous test for schools meaning that all 'satisfactory' schools must now move to Good or Outstanding. New Westminster School Improvement Plan to be implemented. WCC will continue to work with RBKC and LBHF to develop tri-borough services. Ongoing development of early intervention and preventative services will help us to identify families early and prevent needs escalating. Evidence based treatment programme begins in September 2012 offering alternative to care for 10-17 year olds.

Changes to SEN duties will put parents in charge of personalised budgets for the care, education and health provision for their disabled children. Statements being replaced by joint plans involving education, health and social care. Funding implications not yet clear. Plans will last from birth to age 25 years so impact will be felt by Adult services provision as well. All authorities will have to publish a 'local offer' of support so parents know exactly what is available.

## **8.5 Housing, Property, Regeneration and Worklessness**

Delivery over the first quarter in the Housing, Property, Regeneration and Worklessness business plan has generally been good with almost 85% of deliverables and milestones on track. There are 4 milestones that have slipped from their original delivery dates and all lie within the Property Services portfolio. 3 of these relate to improvements to City Hall including refurbishment of the lifts and lobby area. New target dates have since been agreed and these works are now expected to complete in October 2012.

The majority of priority performance measures (95%) are on track to meet their 2012/13 target. There is encouraging data around managing homelessness in the City. 174 households have been prevented from becoming homeless this quarter and only 320 applications for Council housing were made compared to an average of 365 per quarter last year. This is encouraging as homelessness prevention performance has previously been raised by exception to this Committee and performance is now much improved.

However more concerning is the increase in the number of households living in Temporary Accommodation (TA). There were 1,964 households in TA numbers. The figure reported at yearend 2011/12 was 1,783 but was a December figure due to problems accessing the data from the Orchard database. Over the last 6 months

there has been a net increase of almost 180 households – an average of approximately 30 per month over this period. There are concerns about the effect of these levels of occupancy on the Housing budget but the service has planned on the basis of TA levels to end at less than 2,450 by the end of the current financial year. The service has also been able to increase supply of self contained TA properties available to rent not in Westminster and therefore at lower unit cost. Further information will be available from the service on how these have been allocated and accepted in the next report.

Risks: Local housing allowance caps, this change is likely to affect our homelessness budgets due to loss of private sector homelessness prevention properties, fall out of existing temporary accommodation contracts and higher homelessness preventions from households falling out from private sector.

## **8.6 City Management**

Delivery of key projects and initiatives in City Management is progressing well. 3 deliverables have been completed this quarter not least the successful management and co-ordination of Westminster's role over the Olympic period. This is included management of the Borough Operational Co-ordination Centre, the City's link to LOCOG and delivery of the 100 day pre-Olympic Plan. There was a slight delay to the delivery of leasing of Council public conveniences to a third party management company but this has since completed. Monitoring will now commence to assess the effectiveness of this particular contract.

In terms of priority measures of the 9 that have been reported 7 are on track to meet their targets with 2 off track. The income generation project within the Handyman Service is showing slight slippage from original milestone date. The Handyperson service is subject to review by Housing Commissioners and a new service will be procured to operate from April 2013. The intention is that Residential EH will bid to deliver this new service which will combine funding from health and housing Commissioners.

## **8.7 Chief Operating Officer**

25 key deliverables in the Chief Operating Officer portfolio completed this quarter and 64 of the remaining 66 are on track. The majority of completed deliverables relate to activities to strengthen the Council's internal management processes. Financial management capability has been strengthened with introduction of Balance Sheet and Profit and Loss reporting. A full review of Debt Management has been completed with a full set of recommendations to improve the Council's debt position and improve cashflow.

A Trading Account has been successfully implemented in Legal Services with scope to explore further options for managing historical 'below the line' costs with other support functions. There has been a delay to updating the Council's Financial

Improvement Plan for 2012/13 but this is expected to be updated shortly. The Procurement Code has been updated to reflect new procedures and expectations for staff commissioning goods and services from external providers.

In terms of priority measures, 17 of 23 indicators are on track to meet their end of year targets. The amount of savings rated as high risk has fallen to just over £5m from over £6m in June. The number of fraud sanctions is slightly below its profiled target but this area is subject to some lag at the start of the year but also heavily dependent on the prevailing amount of fraudulent activity. The time taken to process new benefit claims remains above its ideal target at 22 days. Whilst new claims processing achieved its best ever performance in 2011/12, change of circumstance processing was significantly down on its expected performance. This was partly due to the contractor's performance, but was primarily due to a significant increase in the volume of change of circumstances received (87,292, in 2010/11 compared with 101,168 in 2011/12). The increase was largely due to ventral government implementing a new facility called ATLAS that automatically sends local authorities daily updates of DWP benefit and tax credit changes.

## **8.8 Built Environment**

All 13 major deliverables in the Built Environment business plan are on track. 5 Milestones have been completed this quarter. The Community Governance Review has been completed culminating in a decision by Council to approve plans to establish the Queen's Park Ward as Community Council. The recently revamped Leicester Square was formally opened in May with improvements to Oxford Street also completing.

In terms of priority measures, 3 indicators are off track at quarter 1. These all related to planning applications. Timeliness of 'Major' applications handling is above target and 'Minor' applications are only slightly below the target of 65% completed on time at 61%. However processing time of "Other" planning applications is 12% below target and this has reduced the combined measure that considers all planning application types. The Council received over 3,000 applications over quarter 1 and successfully completed 2,409 over the same period.

## **8.9 Chief Executive**

63 of 65 key deliverables in the Chief Executive's portfolio are on track, with 1 completing this quarter. Consultation has completed on plans for a new library in Westminster. Options are now being evaluated before the Council commences discussions with potential developers. All milestones are currently on track but most have a completion date of yearend or beyond so are more likely to be assessed as on track at quarter 1.

10 of 15 priority measures are on track. The Council is on track to optimise levels of permanent staff to meet change management and service realignments. However



the number and cost of temporary and contractor staff are above target at quarter 1. Almost four in five (77%) of residents are satisfied with the way the council is running the city. This represents an increase of four points since May 2012. There has been a four point drop in the number of people dissatisfied with the council (from 13% in May 2012, now to 9%).

## **9. Transfer of Public Health Responsibilities**

- 9.1 From April 2013 there is a statutory transfer of public health functions to local authorities. A ring-fenced grant will be received to discharge the new responsibilities, and staff carrying out these functions will transfer into the local authorities from the PCTs.
- 9.2 It has been agreed that a tri-borough public health service is established with the retention of individual borough sovereignty in relation to public health decision-making and priorities. Westminster City Council is the lead authority, and officers have begun discussions in terms of a section 113 agreement between the three authorities relating to the new tri-borough service
- 9.3 Department of Health will inform local authorities of their public health allocation in December, but have confirmed that funding allocations for 2013/14 will be no less than baseline estimates announced earlier this year. In addition, some transition funding has been received (£0.2m), any shortfall will be charged to the Public Health budget in 2013/14.
- 9.4 Work is underway to balance the ring fenced public health budget. The Leader of the Council has made it clear that there should be no General Fund 'subsidy' of the service.
- 9.5 The transfer of staff from the PCT to Councils is part of a larger restructure of the health system and is a PCT owned process. DH and the LGA have advised that the process is TUPE-like with protection of PCT staff terms and conditions with staff remaining in the NHS Pensions scheme.
- 9.6 A new organisational structure is recommended to ensure the service 'lands safely'. This has been developed through engagement with staff from the PCT, the tri-borough councils and the three Member Public Health Portfolio holders and delivers efficiencies of 10% - 15%. During 2013/14 it is planned to focus on maximising the opportunities of an in-house public health function to ensure synergies across the tri-borough councils are best exploited and further efficiencies will be possible.

- 9.7 The transfer of contract liabilities is a DH and PCT owned process. A PCT contracts register of all clinical contracts (which includes Public Health contracts) is timetabled to be completed by the end of September. The confirmation on the destination of contracts and handling of block contracts will take place during October - December.
- 9.8 Officers are procuring an external forensic examination of the number and values of contracts to reconcile the PCT Contract register to the most recent PCT finance submission. This will provide assurance that the three councils will have all the relevant information on contract liabilities
- 9.9 The risks around certainty of the financial allocation and the exact magnitude of liabilities are being managed as indicated by the actions above and the statutory guidance provided on particular aspects of the process.

## STRENGTHENING THE CITY

## Findings from the Tri Borough Community Budget Pilot - October 2012

**Findings from the Tri Borough Community Budget Pilot at a glance**

We have shown how a bold 'local deal' between Government, local public services and business could within five years create annual savings of approximately **£80m per annum across local public services** within the Tri-borough area and **drive growth, reduce dependency, build homes, create jobs, lengthen lives and rehabilitate criminals**

- **Your Health and Social Care Services** –Through working in new ways with local partners, we can release **£66m by year five** of efficiencies at a local level and deliver better outcomes for our local population, particularly the 100,000 people who are elderly or have complex needs and are most at risk of being admitted to hospital or a care home
- **Getting back on track** - We can reduce local spending on tackling re-offending by between **£1.2m to £6.1m over five years** by focusing on short-term sentenced prisoners
- **Stronger Families** - We can ensure a sustainable legacy post 2015 for the Government's approach to supporting **troubled families** by rewarding local authorities for achieving a broader range of outcomes
- **First Job** - We can give over **3,500 young people** a year a better chance of finding work and **save £6 - 10 million annually** by incentivizing schools and Further Education providers to focus on work and skills
- **Children First** – We have cut **care proceedings** in the court system from **58 to 26 weeks** and shown how we can reduce legal costs by around **£1.9m**
- **London Growth** – We could build approximately **21,000 new homes** and create **196,000 new jobs**, with a gross value of approximately **£17 billion<sup>[1]</sup>** based on current land values, by developing Old Oak Common and a Crossrail station at Kensal for Portobello
- **Worker Homes** – Through the incremental investment of £50m we can deliver **300 new homes**, support **370 tenants into employment** over 5 years, create a net surplus to the HRA of **£0.5 million per year** and generate **700 construction jobs**. However to do this we need to be able to use the debt potential within the HRA to construct new homes and recycle a proportion of that surplus into getting tenants into employment

<sup>[1]</sup> Source: LBHF estimate. This figure will be verified shortly through additional economic impact assessment work

## 1. INTRODUCTION

- i. The ambition of our Community Budget pilot was to build on our Tri-borough approach to tackle complex cross-cutting issues at geographical scale and across organizational boundaries. We have successfully delivered against this ambition.
- ii. Our approach will strengthen city life through targeted policies that drive growth and reduce dependency building homes, creating jobs, lengthening lives and rehabilitating criminals if government shares data, pursues new ways of financing services and changes the rules to allow local citizen centered policies to flourish.
- iii. As the only whole-place pilot in London, we have fundamentally rethought public service delivery –shifting focus away from empires, organizational constraints, geographical boundaries and ring-fenced budgets to focus on outcomes for people and place.
- iv. The result is a set of practical and deliverable propositions that set out smarter ways of working to tackle a range of complex social and economic issues. Our proposals demonstrate how we can build services around people rather than organizations. They represent a firm foundation and catalyst for further public sector reform.

## 2. OUR APPROACH: DRIVING INTEGRATION, REDUCING DEPENDENCY AND PROMOTING ECONOMIC GROWTH

- i. Our authorities do the crucial job of joining up different Whitehall departments policy objectives into cohesive delivery that focuses on individuals, families and communities. At a local level, our Director of Children's Services is as interested in the Department of Work and Pensions (DWP) policy on welfare, Business Innovation and Skills (BIS) skills and growth policy, Clinical Commissioning Group (CCG) priorities and commissioning plans, and housing allocation as Department for Education requirements on safeguarding children. All are vital in strategic planning of services for vulnerable children.
- ii. In line with our commitment to open public services, the three authorities set out to operate as a 'local catalyst' for change in order to:
  - **Reduce dependency**- bringing together multiple agencies to work together within the complex array of administrative boundaries to find new ways of knitting together service interventions to ensure that these deliver real outcomes, to real people, in local areas- ultimately ensuring that every pound spent is targeted and delivers value for money.
  - **Promote economic opportunity for people and place**- creating Tri-borough as a place where residents and business can achieve aspirations and thrive therefore stimulating future growth in our Boroughs.
- iii. Taking these two ambitions, we deliberately focused our attention and efforts of the Community Budget pilot on issues where state expenditure and costs are highest. We have focused on areas where better joined up working between agencies would deliver better outcomes for local people, where we could deliver efficiencies, reduce duplication of interventions and spend and ultimately drive down demand across the public sector.
- iv. Our proposals outline what can be achieved when national and local partners work better together.

### 3. SEVEN PROPOSALS FOR TRI-BOROUGH PUBLIC SECTOR REFORM

- i. By working with our local health commissioners and new CCGs, NHS London, and providers to integrate **Health and Social Care** we can improve healthcare for the most vulnerable and deliver efficiencies of up to £66m per annum by year five. Some of these savings would be reinvested in better community based health and social care. This would deliver better outcomes for our local population, particularly those most at risk of going into hospital or a care home.
- ii. We are already working extensively with **troubled and complex families** across the Tri-borough. There are currently around 1800 families with complex needs in the Tri-borough and over 100 more every year (either new families in the boroughs or families hitting crisis) that need our support. According to the Government's findings these families could cost the local economy and public services about £130m. The Government has already recognized that complex social issues require the right intervention at the right time by the appropriate agency; that economic and social benefits, and cashable savings from addressing this cohort are realized locally and nationally; and that the benefits outweigh the costs by over 2 to 1. Our innovative wrap around approach could yield up to £3 in fiscal savings for every £1 pound we spend. The next step is to realize a fair and sustainable solution to fund this innovative approach over the long term as the funding is set to end in 2014/15.
- iii. Our business case on **Care Proceedings** is based on developing a new delivery model and ways of working that are more efficient and effective, and has the potential to deliver significant efficiencies to the criminal justice system if delivered at the right scale. The new delivery model has been developed with London Probation, the Police, Ministry of Justice, Home Office, Children and Family Court Advisory and Support Service (CAFCASS), HM Court Service and the local judiciary. Streamlining care proceedings in the court system from 58 to 26 weeks is anticipated to reduce Tri-borough legal costs by around £1.9m. As with the reoffending pilot the real financial win here is when this is scaled up across London as this could deliver cashable saving for court, legal aid and justice budgets.
- iv. The Mayors' Office for Policing and Crime has endorsed our **adult reoffending pilot** and will be working alongside Tri-borough throughout the pilot to establish how the principles could be applied at a regional level in London. Delivering a 10% reduction in reoffending incidents with short sentenced prisoners in London would deliver economic and social benefits of around £10m and reduce costs for the criminal justice system of up to £15m over five years.
- v. Our business cases for improving growth focus less on reducing demand for public services from individuals, and more on incentivizing investment in new homes and infrastructure. However, a core driver for growth is a skilled workforce. We have made the case for incentivizing schools and FE providers to focus on **work and skills** and address the key disconnect between the skills and experience young people want or are offered locally and the skills demanded by local employers. We have local commitment to pilot an

Employability Programme in 6 Tri-borough schools which would be funded jointly by local authorities, DWP and local schools and co-designed with schools, colleges, businesses, and the Greater London Authority. Our analysis suggests that the pilot in six schools would generate savings to public services in the Tri-borough area of £1.5-2.5 million per annum. If these proposals were rolled out across all schools in the Tri-borough we believe the annual saving to the public sector would be around £6-10 million per annum.

- vi. Through the example of High Speed Rail 2 (“HS2”) and Crossrail, we have successfully demonstrated how a different approach to the Strategic co-ordination of infrastructure, based on optimization (a process of partnership working and integrated assessment), could deliver significant economic benefits. Our initial findings are that – if the railway design were optimized to facilitate development – then development at Old Oak Common and a Crossrail station at Kensal for Portobello could potentially yield approximately 21,000 new homes and 196,000 new jobs, with a gross value of approximately £17 billion<sup>1</sup> based on current land values. The additional development at Old Oak Common and Kensal would release substantial economic value, with local Gross Value Added of up to £74 billion in net present value terms (for Old Oak Common alone up £2.3 billion would accrue to the Exchequer in additional taxation). If developed fully, the Old Oak Common site alone could accommodate up to twenty-five per cent of London’s growth over the next thirty years.
- vii. Finally we have made the case for changing the rules that govern the **Housing Revenue Account**. We recognize the benefits of the recent reforms the Government has introduced, but also appreciate the very real challenge of affordable housing for working people in London. Our case shows that based upon incremental investment of £50 million we could deliver 300 new homes, support 370 tenants into employment over 5 years, create a net surplus to the Housing Revenue Account of £0.5 million per year and generate 700 construction jobs.

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<sup>1</sup> Source: H&F estimate. This figure will be verified shortly through additional economic impact assessment work

#### **4. KEY FINDINGS AND LESSONS LEARNED FROM THE PILOT**

**i. Banish barriers for better outcomes and reduced costs**

Our business cases show that integrated working across agencies achieves better outcomes for people and places, and is more effective and efficient. For this to happen everywhere, organizational boundaries and differences in performance frameworks, workforce and professional regulations, financial flows, and professional practice need to be put to one side to make way for developing new ways of working.

**ii. Local innovation and co-design is critical**

Our proposals confirm the need for local innovation in order to redesign and rewire services close to the customer and communities we serve but with a genuine commitment to co-design and delivery with a range of partners. We believe that these are critical factors in achieving better local outcomes for people and places.

**iii. Sustainable change requires partner ‘Outcomes Alliances’**

We have already demonstrated what can be achieved through adopting an outcomes-based and integrated approach to tackling Troubled Families and are piloting a groundbreaking new way of working to speed up care proceedings. To move these initiatives beyond flagship projects and into mainstream programmes, the Government needs to establish sustainable outcomes-based funding mechanisms that are supported by all partners. Our successful work to improve outcomes for families with complex needs is a critical example of where this change is needed.

**iv. New financial reward mechanisms are required**

Unlocking savings and ‘cashability’ has been a key theme of our work. A number of our business cases will deliver significant outcomes locally but to unlock substantial savings requires delivery at a different scale. In addition, a recurring challenge in designing integrated and outcome focused delivery models has been the need to redistribute costs and benefits across agencies and how to create investment vehicles. We have made good progress in creating outline investment agreements for Troubled Families and Health and Social Care. We believe that these approaches, and Whitehall’s buy in to them, need to become the norm rather than the exception.

**v. Joint commissioning and performance frameworks**

The delivery of our proposals requires radical changes to current governance and performance frameworks. This requires the creation of joint commissioning arrangements and single performance frameworks that cut across agencies and enables decisions to be taken, and budgets to be held, at the ‘right’ level.

**vi. Without shared data, better outcomes are much harder to achieve**

We can only deliver seamless and integrated services if we have access to and share data about service users. We have made steps forward on this with Whitehall supported by evidence from the pilots. However, it is not enough and we need a continued commitment and spotlight on this issue from Whitehall if we are to successfully deliver our proposals and to pursue future reform.

**vii. A new public service worker**

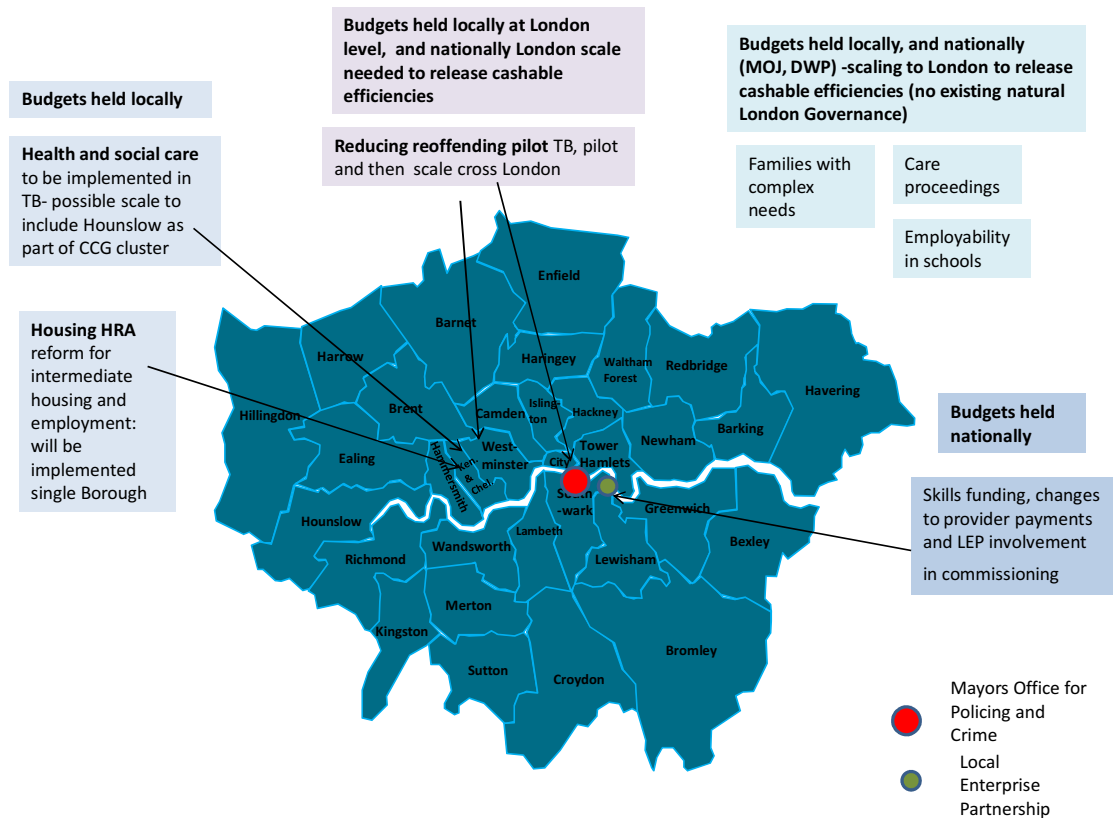
In order to successfully deliver smarter services we need a different breed of public sector worker. Our proposals require workers that are creative and flexible, no longer inhibited by traditional organizational or professional barriers or silos but instead able to work to ensure that they relentlessly put the multiple needs of citizens at the heart of their work.



## BUDGETING FOR OUTCOMES

- i. Our business cases are based on local partners delivering programmes that ultimately create savings to the whole of the public purse. Where the savings are delivered to budgets held locally, coming to agreements on new delivery models is intellectually simple. However, many of the potential savings would benefit nationally held budgets including the Ministry of Justice (MoJ), DWP and the Home Office (HO).
- ii. Our findings and lessons learned indicate the importance of local innovation but indicate that to deliver real change, we need to rethink commissioning, governance, delivery and financing of services at Tri-borough , London and national levels. We have concluded that:
  - Where budgets are devolved to local partners, the new delivery model, savings and investment mechanism can be made and delivered locally e.g. Health and Social Care, and no area is likely to have exactly the same deal due to differences in the provider structure on the ground.
  - For some issues, whilst we can deliver significant qualitative outcomes and some savings locally, delivery at a different scale is required to unlock substantial savings to the public purse. Examples include our care proceedings pilot and adult reoffending proposal. To unlock criminal justice system costs in particular from courts and prisons scale up to a London level is required.
  - To unlock cashable savings from Central Government and to use these to contribute to appropriate investment mechanisms delivery models need to be scaled up beyond the Tri-borough geography in order to effectively engage Government and to unlock cashable savings e.g. particularly from the MoJ and DWP.
  - To ensure delivery of our work and skills agenda, we need the London Enterprise Partnership (LEP) to exercise greater influence over skills funding budgets.
- iii. In summary, **a bold ‘local deal’ needs to be effected to deliver savings at scale.** Figure One shows how this plays out for Tri-borough and London with our Community Budget proposals.

**Figure One**



- iv. The Greater London Authority (GLA) holds those functions deemed necessary to ensure that London operates as a whole e.g. transportation, growth and support to the LEP, strategic planning, infrastructure, oversight of the Police and cross-Borough environmental issues. In these areas, a London wide scaling could be possible through the GLA. We have made the case that in areas such as justice, scaling up beyond Tri-borough is necessary to deliver cashable efficiencies through the closure of courts, reductions in Legal Aid and court budgets.
- v. The Boroughs are accountable to their communities for children and adult social care, housing, local crime reduction strategies, street cleansing and waste disposal, planning and development, and local transport. To scale specific delivery mechanisms in areas where Boroughs are accountable is challenging. However, it may be possible to achieve scale by focusing not on delivery mechanism but on outcomes achieved.

## **5. WHAT WE NEED TO DRIVE PUBLIC SERVICE REFORM FURTHER AND FASTER IN LONDON: OUR ASKS TO GOVERNMENT**

- i. We recognize the need for further and faster reform. The public spending outlook is so serious that unless new cross partner delivery models are developed quickly, and Whitehall actively facilitates such innovation agencies will retreat to core single agency responsibility and outcomes will suffer.
- ii. To achieve integrated public services, we have five recommendations that would accelerate public sector reform and help deal with the major budget reductions.

### **1: Devolve funding for services to the lowest level at which scale can be delivered**

- iii. New delivery models are easier to develop where the budgets are managed locally and local leaders can make the 'deal'. Locally joined up services reduce duplication and are more efficient in delivering outcomes. This can save money at the local level, for instance our case for adult reoffending. However, the major benefits of these new delivery models, particularly ones aimed at tackling the root causes of social issues, is the impact on future demand for services. Although we have been conservative in our approach to modelling and looked only at benefits from demand reduction that flow within short timescales (for example in Troubled Families, Work and Skills), the key issue is that local public service delivery bodies do not reap the benefits as they do not hold the budgets (MoJ, DWP and HO primarily).
- iv. In our Health and Social Care business case, the devolution of budgets down to CCGs creates the environment where local leaders can have discussions on how to manage all the costs and benefits because they all fall within local accountability mechanisms. Decisions on new delivery models can be made and agreed locally.
- v. To get the kind of seismic transformational change we can see in our health and social care case, where local leaders of public services are making difficult political and operational decisions and being held accountable for them, they have to hold the budgets.
- vi. An example of this in London is the existing governance structures that exist for criminal justice. The Mayors' Office for Policing and Crime (MOPAC) has oversight of the Metropolitan Police Authority budgets. But this is one half of the criminal justice system funding, and transferring the justice budgets for London to MOPAC would help new local delivery models for crime reduction to develop, as local deals would be easier to broker at a London level.

### **2: Exemption from national rules when developing new delivery models**

- vii. Existing rules on performance management, **data-sharing**, workforce and governance stifle innovation and promote risk aversion. The biggest challenge is to overcome professional inertia. The spending challenge is a spur to thinking differently. Some of this inertia is aimed at protecting traditional ways of working and some relates to risk aversion of unproven work

methods, but a key issue is that we all work within the culture, professional rules and regulatory requirements in our individual fields and organisations.

- viii. Getting individuals to think beyond the current reasons why change cannot happen is possible. But building new delivery models that do not build in excessive costs required by multiple performance regimes, work-force regulation (and professional norms) about who can do what and in what manner, and how decision-making might have to happen in this new multi-agency environment is very challenging. Resistance to data-sharing is the clearest example of this problem.
- ix. To allow innovative ideas to be developed through to cost effective and implementable delivery models, a relaxation of, or exemption from, existing regulation is required. Proposals would be built in to show how the objectives of the rules could be met through simplified performance management. This would of course require national Government to 'let go' of strict controls, and would require the same culture of risk taking that we will need at a local level within Whitehall. For example, if Government allowed local authorities to use the debt potential within the HRA to construct new homes that generate a surplus and gave local authorities the freedom to recycle a proportion of that surplus into getting tenants into employment, we could dramatically increase the supply of housing choices for middle class families and boost local employment.

### **3: A joined up approach within Whitehall on cross-cutting issues**

- x. The Troubled Families Unit is an example of where Whitehall has recognized that for some issues where multiple Whitehall departments have an interest but there is no single lead, clear accountability and single budgets are the way forward. Re-wiring the whole of Whitehall around outcomes such as employability, or economic growth, rather than delivery chains and organizations would of course be one way of achieving seamless Government, but as three realistic and practical authorities we do not see this as a proposition that would garner Whitehall support. However for a small number of problems which impose high costs to the public purse a single accountable unit with a cross-cutting budget and focus should be considered. Examples could include a vulnerable adults or re-offending unit with budgets covering police, criminal justice, housing, drugs, alcohol and mental health, and benefits.

### **4: Share in risk and reward**

- xi. Social problems can only be addressed effectively if both local and national partners share in the risk and reward of delivering successful outcomes. As part of the next Spending Review process, HM Treasury should assess the potential efficiency savings and wider economic benefits of an outcomes based investment fund to support local public sector reform. The fund could be made up of proportionate financial contributions from all relevant spending departments.

- xii. An alternative would be to devolve budgets down to the lowest possible level at which you can achieve scale, and allow local public sector leaders to develop integrated approaches to commissioning and delivery.

## **5: Develop social investment vehicles for complex problems**

- xiii. The social investment market is immature, and very few local authorities have entered into these arrangements. Authorities that have pursued social investment have tended to focus on a small scale product, focused on a single outcome and are delivering through an additional funding pot rather than cashable efficiencies. The need for immediate change to drive outcomes and coupled with the complexities and significant set up and transaction costs of Social Impact Bonds are barriers that we recognize across Tri-borough.
- xiv. For the social investment market to take off, we believe that Government has to enable greater liquidity and reduce risk for investors by supporting early adopters, sharing risk with outcome payments and start-up costs, and providing technical support for commissioners to develop legal and financial agreements. The Cabinet Office could provide brokerage between investors and providers, develop model finance and financial agreements to improve confidence and reduce costs, and provide access to specialist financial and commercial expertise.
- xv. The potential Cabinet Office Outcomes Finance Fund could be valuably used to support this work with these very complicated families alongside our commitment to deliver to the Troubled Families cohort, to facilitate national alongside local investment.

### **Conclusion: Tri-borough innovation zone**

- i. The three authorities have a proven track record of driving public sector innovation, sharing services, reducing costs and delivering new delivery models. We commend the government for taking Community Budgets forward but we need more than goodwill from Ministers and officials and agreement to a set of business cases to drive future public sector reform. We believe that now is the time for Government to take a wider look and work with us in defining a new era of partnership working where we are equal partners in co-producing the solutions to our communities' most complex problems.
- ii. We want to extend the thinking in Health and Social Care around Tri-borough by becoming a public service innovation zone, so that Tri-borough is recognized as a 'go to' place where new ideas are stimulated, generated, incubated and tested as a matter of course. This moves away from bidding for pilots and instead recognizes the value of the close involvement of local authorities and local partners in enabling a range of ideas and concepts to be tested out in local areas and evaluated in terms of impact. This is a much less risky approach than a national rollout of a centrally defined blueprint and experience suggests that such an

approach builds long-term commitment and avoids costly and embarrassing expense of 'getting it wrong'.

## TRI-BOROUGH COMMUNITY BUDGET PROPOSALS: EXECUTIVE SUMMARIES

### HEALTH AND SOCIAL CARE: EXECUTIVE SUMMARY

**Through working in new ways with local partners we can release £66m per year of efficiencies at a local level and deliver better outcomes for our local population; particularly the 100,000 who are elderly or have complex needs and are most at risk of being admitted to hospital or a care home**

#### The problem

From 2012/13 to 2014/15 the health sector in Tri-borough needs to deliver efficiency saving of £115m<sup>2</sup>. Over the same period adult social care budgets face reductions of around £38m<sup>3</sup>. Without fundamental changes to the way in which health and social care is funded or provided the quality of services will rapidly decline.

Nationally the NHS needs to deliver £20bn of efficiency savings and productivity improvement by 2014/15 in order to manage the demographic pressure of an aging population and rising costs. Fiscal pressures in the social care sector are even more acute as local authorities manage average real terms spending cuts of 28 per cent. Discretionary spending for social care has on average fallen by 4 per cent (2010/11 – 11/12). This trend is likely to continue which will place huge pressure on other areas of local authority spending and service provision.

In Tri-borough, demand for services is expected to rise at around 3-4 per cent per annum over the next decade. The siloed approach to the provision of these complex services and the differential entitlement to receiving them – free at the point of delivery for health and means tests social care – has created perverse and costly incentives for providers. For example, the lack of investment in proactive and preventative interventions, as well as pressures on social care budgets, often leads to costly unplanned hospital admissions that are unnecessary. Often people and their carers say that their experience of health and social care is characterised by inconsistent and uncoordinated services where they do not feel they can make informed decisions about the care they receive. We know that caring for people in hospital or a care home does not deliver the best outcomes; and is often not where people want to be.

The Health and Social Care Act (2012) provides a golden opportunity to build upon our local experience and achieve much closer integration of the primary, secondary, acute and social care sectors.

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<sup>2</sup> Source: [Commissioning Strategy Plan 2012 – 15, 15 December 2011](#)

<sup>3</sup> Source: ASC Tri-Borough Financial modelling

## The proposed solution

### What we can do at a local level

The Tri-borough authorities, Clinical Commissioning Groups (CCGs) and local partners want to build on our previous experience to deliver whole system, high quality integrated health and social care across the three boroughs. We intend to take a risk-based approach to care and support the most vulnerable people in their own homes and communities, providing services that are seamless in their delivery in order to avoid hospital admissions and admissions to care homes.

Our integrated care service model will **enable targeted preventative interventions to manage the health and social care needs of the 20 per cent of local people that account for around 77 per cent of health and social care cost.**

**By year five this approach could save around £66m per annum**, enabled by funding costs of £28m. This is primarily driven by a reduction in acute hospital activity, through investment in community and social care services of £28m gross. If outcomes are met, commissioners and provider networks should share the net savings estimated at around £38m.

### Where we need national Government support

We have identified **five key enablers** that need to be in place to make the proposed model work and ensure successful implementation.

The most important of these are a new model of reimbursement and funding across the health and social system.

We need the Department of Health, NHS Commissioning Board, Monitor and other government departments to:

- **Develop our proposed reimbursement model**, support a **move away from a national tariff system** locally and to ensure that our delivery model are in line with contracting and competition regulations
- **Change the information sharing culture** to make it riskier not to share data than to share it
- **Free our staff from complex work-arounds and empower them to operate across organisations and in hybrid roles**
- **Enable the upfront funding of investment in integrated care**; where this investment is needed before savings are achieved



## REDUCING ADULT REOFFENDING: EXECUTIVE SUMMARY

**By focussing on short sentenced prisoners we can reduce local spending on tackling re-offending by between £1.2m to £6.1m over five years.**

### The problem

The cost of reoffending to the economy is estimated to be between £9.5 and £11 billion<sup>4</sup>. The Tri-borough area spends **£6m a year of discretionary grants<sup>5</sup> on nine separate reoffending programmes**. Despite this, reoffending across the Tri-borough continues to increase. Reoffending by all adult offenders across the Tri-borough has increased from **23% to 27%<sup>6</sup>** according to one year reconviction figures.

The current focus of this spend across the Tri-borough is on longer sentenced prisoners (over 12 months.) However, both the national<sup>7</sup> and local<sup>8</sup> pictures show that short sentenced prisoners (SSPs) are disproportionately likely to reoffend. The proportion of Tri-borough short sentenced offenders who reoffend within one year of release is 52%, compared with 39% for those sentenced to over 12 months. SSPs are also disproportionately represented in the criminal justice system, as they account for 9%<sup>9</sup> of prisoners, but around 65% of all sentenced admissions and releases<sup>10</sup>.

### Why does it matter?

The prolific nature of short sentence offenders is costly to local communities and to local public services. Despite this, the cohort are largely ignored by current Government policy and funding. Short sentenced prisoners receive very little statutory support or intervention. Their time in custody is brief, often a large proportion is spent on remand, and they are often moved from prison to prison which means that interventions within custody are either transitory or unavailable to them.

### The proposed solution

#### What we can do at a local level

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<sup>4</sup> National Audit Office, Managing Prisoners on Short Custodial Sentences, 2010

<sup>5</sup> Grants currently received from the Mayor's Office for Policing and Crime and Department of Health

<sup>6</sup> Reoffending rates for all disposal types, Ministry of Justice, Proven Re-Offending data tables September 2010  
<http://www.justice.gov.uk/statistics/reoffending/proven-re-offending>

<sup>7</sup> <http://www.justice.gov.uk/downloads/statistics/reoffending/proven-reoffending-oct09-sep10-tables.xls>

<sup>8</sup> Ministry of Justice, Table 2: Proven re-offending of adult offenders, by upper-tier local authority (Westminster, Kensington and Chelsea and Hammersmith and Fulham) 2005 to September 2010 rolling quarters.

<sup>9</sup> National Audit Office, Managing prisoners on short custodial sentences, 2010

<sup>10</sup> Green Paper Evidence Report, Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders, Ministry of Justice, 2012

We propose to establish a new local reoffending service for SSPs returning to the Tri-borough - in 2011, this was estimated at 636 offenders<sup>11</sup>. A new model has been developed to reduce the reconviction incidents of this cohort by 10%. It consists of 3 main components:

- i. **A Tri-borough Custody Referral Team** – this team will engage with all offenders at the earliest point in the criminal justice system, police custody. Testing for all drugs and providing a wider initial screening inclusive of alcohol, mental health and learning disabilities. The team will ensure that all substance using offenders are still assessed and referred into appropriate substance misuse services and that wider health outcomes are met.
- ii. **A Tri-borough Reducing Reoffending Team** – this team will work with a cohort of short sentenced prisoners within custody providing an individualised assessment and personalised action plan which will continue into the community.
- iii. **Targeted interventions (mainstream and specialist) bespoke to the needs of the offender** - to improve access and effectiveness of mainstream services and to help enable offenders to identify and target the drivers of their individual offending behaviour.

The proposed new approach to tackling reoffending across the Tri-borough is costed at **£11.2 million** over a 5 year period from 2013/14 onwards<sup>12</sup>. This transition to focus on short sentenced prisoners whilst also developing a more sophisticated assessment process in police custody has the potential to reduce local spend in this area by between **£1.2-6.1 million**. When taking into account wider benefits and costs avoided, a potential saving of **£25 million**<sup>13</sup> can be achieved over the same 5 year period.<sup>14</sup> A cost benefit analysis has shown that the new service exhibits value for money. Full details of the cost benefit analysis are appended to the full report.

### **Where we need national Government support**

### **Ministers need to show the political will to test, and then scale-up, our new approach to tackling re-offending**

<sup>11</sup> This is an estimation based on figures from: 'NOMS, 2011: Estimated number of discharges from custody, between 1st January 2011 to 31st December 2011, for those individuals who are believed to reside in the borough of Westminster, Hammersmith and Fulham and Kensington and Chelsea.' A significant proportion of offenders either did not have any address information entered or had an invalid or incomplete address entered. As such, the report authors were forced to estimate the true number of individuals coming from/returning to a given geographic area. The total estimated figure was 788. The Tri-borough Community Budgets team have then made an adjustment to this figure to allow for those offenders who may have been in and out of custody multiple times during the 1 year period to give a more likely total of 636. Personalised data will enable us to fully understand the cohort size.

<sup>12</sup> The basic service cost is £2.2 million, this annual cost is projected as high in years one and two to allow for commissioning, implementation and evaluation costs.

<sup>13</sup> This is the annual saving locally when compared to as is spend in 2012/13 and taking out of the calculations grant reductions over the next 5 and increased commissioning costs in year 1.

<sup>14</sup> It is worth noting that there are 2 main providers of resource into this budget; the Department of Health (DH) via Public Health and the Home Office (HO) via the Mayor's Office for Policing and Crime, providing in this financial year 2012/13 £2 million and £1.2 million respectively. Implementation of this new approach is dependent upon the continued flow of these resources into the area of reoffending, which has not yet been confirmed. All profiled spend has taken into account a 12% reduction in grants year on year.

- Tri-borough is proposing to run a pilot of the Reducing Reoffending model over 5 years, with an interim evaluation after the first 2 years. Tri-borough is seeking technical and political support from Central Government and local partners during the first two years of the implementation of the pilot service to develop an initial evaluation which will include detailed tracking of offenders and offences, an outline of financial savings and the beneficiaries of these savings, as well as access to the Ministry of Justice's technical model to help shape the evaluation and future ask to Central Government
- Upon demonstration that new outcomes can be achieved and savings can be delivered, Tri-borough seeks formal agreement from Central Government to continuation of funding. The main Central Government departments that would benefit from this model are Ministry of Justice, Home Office, Department for Work and Pensions and Department of Health. Through negotiations with Central Government, we will seek to ensure fair levels of funding from each of the beneficiaries.
- There is an opportunity to achieve more significant savings through scaling up the approach regionally across London, if the pilot proves to be successful after the initial 2 years. This has been recognised by the Home Office, Ministry of Justice and MOPAC Tri-borough has agreement and support from MOPAC to work with them in co-commissioning and design of the programme and in understanding the outcomes and learning from focussing on short sentenced prisoners, bringing in learning from the Justice Reinvestment models, to explore how the principles could be extended more widely to reduce reoffending rates and deliver savings on a larger scale. Tri-borough would seek to work with MOPAC on the negotiations with Central Government on future investment.

#### **Central Government and public service partners needs to share data**

- We need Central Government to provide **personalised data** on short sentence prisoners across the Tri-borough
- The February 2011 NOMS/ACPO information sharing agreement, which removed the restriction on police sharing information with partner agencies, needs to be promoted
- MoJ and NOMS need to advise the Tri-borough regarding the necessary **data sharing protocols** and processes to secure access to individualised and desegregated data

- NOMS need to work with Tri-borough and Wandsworth and Wormwood Scrubs prisons to pilot measures to improve the accuracy of Offloc information (underpinned by protocols with prisons for the disclosure of information around release data)

### **Continued commitment to local prisons and strengthen prison's responsibilities to reducing reoffending**

- Our model requires continued commitment from NOMS for **incarcerating short sentenced prisoners locally so that London offenders are closer to home**, as geographical distance acts as a significant barrier to resettlement.
- For the model to be successful, our ask to Government is to **make prisons responsible authorities**, alongside probation, police, local authorities, fire and rescue authorities and primary care trusts on community safety partnerships, in recognition of the role that prisons play in rehabilitating offenders.

### **Critical ask required for implementation**

- **If Central Government is unable to work with Tri-borough on providing access to personalised data, implementation will not be possible.** Personalised data is required prior to implementation to fully understand the service needs of the cohort so that the service can be designed bespoke to these needs. Funding identified for the new model is contingent on this information.

## FAMILIES WITH COMPLEX NEEDS: EXECUTIVE SUMMARY

**By rewarding local authorities for achieving a broader range of outcomes, we can ensure a sustainable legacy post 2015 for the Government's approach to supporting troubled families**

### The problem

Local authorities invest in services and interventions for Families with Complex Needs but it is other public agencies who benefit from this investment. It is a classic case of misaligned risk and reward.

Within Tri-Borough many of the families that cause highest cost/ highest risk do not 'fit' the new Troubled Families Programme (TFP). For instance, only one third of the Families with Complex Needs we have traditionally worked with meet the TFP criteria, and are eligible for the Payment by Results.

**To ensure that local authorities are appropriately rewarded for the financial risk the take, we need a long-term solution to fund interventions** with the wider Families with Complex Needs cohort, the Troubled Families Programme cohort post-2015, and to work with the 'flow' of families who will remain after these interventions.

### Why does it matter?

We welcome the Troubled Families Programme (TFP) and the investment (until 2015) that Government has committed to dealing with families whose behaviour damage themselves, their children and the wider community.

We have developed a new approach to deal with the TFP cohort that involves triage, case management and key worker support, given at the level of intensity the family needs. Our existing programmes for families with complex needs – FIPs and Family Recovery Programme (FRP) will be used for those with highest need (whether they meet TFP criteria or our locally determined Families with Complex Needs).

The Government has already recognised that the economic and social benefits of addressing trouble families savings outweigh the costs by over 2 to 1. Our innovative wrap around approach in the Tri-borough could yield up to £3 in fiscal savings for every one

pound we spend. The next step is to realize a fair and sustainable solution to fund this innovative approach over the long term as the funding is set to end in 2014/15.

**Without sustainable investment in such programmes**, and those that deal with locally defined high cost/ high risk families, **it is likely that programmes will be decommissioned during 2013/14** putting at risk a lasting legacy for Families with Complex Needs, and local communities.

### **The proposed solution**

We are not suggesting that the national TFP change their cohort criteria to ensure that more of our families with complex needs 'fit' the national criteria. Rather we think there are local and national changes which could help us broker investment, and improve cross partner working to sustain this work.

### **What we can do at a local level**

**We are brokering local investment and operational participation in the Programme with the local Clinical Commissioning Groups, particularly through:**

- Financial investment- local health partners gain roughly 20% of total benefits and we would like to see equivalent investment
- Referral links to GPs for both Troubled and Complex Need Family identification and data-sharing to help us identify families who need our services
- Commissioning of interventions for low level emotional and mental health disorders

**We are working with local Jobcentre Plus, Work Programme Primes and providers to seek investment:**

FRP has been shown to get 10% of family members into employment. This is of real benefit to Work Programme Providers, who tell us they have a 'hard core' of families who they find very difficult to work with. Only 12% of our cohort is on the Work Programme and London Tri-Borough does not have the scale to make a local deal viable. We are therefore exploring levels of interest in the other local authorities who fall within the North and West London JobCentre Plus Districts on entering into a commercial proposition with the Primes.

### **We have developed a parallel programme to deal with adult offenders**

The TFP criteria exclude adult offending. We have traditionally dealt with offenders in our Families with Complex Needs programmes, as we recognise the intergenerational impact of adult offending on families but because of funding sources we have developed **Tri-borough**

**Custody Referral Team, Reducing Reoffending Team and commissioned bespoke interventions.** This work will link to our Troubled/ Complex Need family work.

### **Where we need national Government support**

#### **DWP should invest in the outcomes we achieve**

We believe that for the 88% of our family members that are not on the Work Programme, local delivery mechanisms such as Family Recovery Programme are highly effective at getting families closer to the work market by getting people who start the programme a long way away from the labour market into jobs by dealing with their barriers to work (mental health, domestic violence, family chaos etc). Many of these families are ones that exhibit such chaotic and dysfunctional behaviour that referral to ESF is not something that the professionals feel is 'safe' nor effective.

We would like to explore with DWP a mechanism for them to invest in this type of provision that would bring families closer to the work market or employment.

We are particularly struck by the high numbers of ESA claimants (roughly 30% of the TFU and wider families with complex needs cohort), who are claiming ESA because of the very reasons that programmes such as FRP address- mental health, depression and low mood. We are interested in exploring the potential for programmes such as FRP to move people from ESA to the Work Programme or JSA, and the interest in DWP in investing in such approaches.

#### **We ask the Government to support social investment for complex problems**

The social investment market is immature, and very few local authorities have entered the market. Authorities that have tend to have a small scale product, focus on a single outcome and are funded not through cashable efficiencies but through additional funding provision. Hammersmith and Fulham and Westminster City Council have both considered social investment for Families with Complex Needs, but the timing and implementation needs of the TFP, and the complexities and set up/ transaction costs of Social Impact Bonds would require significant investment. The local authorities are not willing to enter into such large scale financial agreements without trialling. Hammersmith and Fulham are intending to carry out a small scale trial of social investment in White City.

For social investment to take off in this area we believe that Government has to support the shaping of the market, support early adopters by sharing risk with outcome payments and start-up costs, and provide confidence in the commissioners with model legal and financial agreements. The **Cabinet Office Outcomes Finance Fund** could be used to facilitate national alongside local investment so that innovative approaches to support very complicated families can be trialled alongside our commitment to deliver to the Troubled Families cohort.

**We ask the Government to explore trialling payments for outcomes than underpin TFP outcomes (within the current funding envelope)**

Whilst social investment is a longer term aim for Tri-Borough, we ask Government to enter discussion on trialling specific outcome payments for broader outcomes not within TFU eligibility criteria to support local delivery and develop capability on PBR. We are interested in mechanisms to support our work with the broader families with complex needs cohort, on a trial basis, in order to develop expertise on PBR, and prepare for social investment.

We understand the financial climate, but would like to explore with Government a mechanism for additional related outcomes to be considered on a trial basis within the existing financial envelope. **Within the Tri-borough, we are predicting 50% success in achieving outcome payments** (based on our extensive previous experience). This would indicate that a significant proportion of PBR payments will not be claimed. **We would be interested in exploring payments for the following outcomes; mental health improvement, reduction in Domestic Violence, and NEETs.**

**Finally we ask the Government to go further on data-sharing**

The TFU agreement with DWP is useful, but not flexible enough to be an integral part of our intelligence desk- a core success element in Family Recovery, and core to our work with the wider TFP cohort. We want to work intensively with both Health and DWP to ensure that the identification and operations are effective on the ground.



## CARE PROCEEDINGS: EXECUTIVE SUMMARY

**We have cut care proceedings in the court system from 58 to 26 weeks and shown how we can reduce our legal costs by around £1.9m**

### The problem

Evidence from the Family Justice Review and from local analysis indicates that care and supervision cases are taking longer to conclude. The search for certainty and the recognition of the enormity of the decision being made in care proceedings has led to a position where a wealth of evidence is heard in court. In some cases however, there is a lack of urgency and bureaucratic reasons for delay. The Care Proceedings Pilot aims to promote good decision making in the court and reduce unnecessary delay for children undergoing care proceedings.

### Why does it matter?

**Routine cases can take a year or more to be concluded** and such delay can impact negatively on children in a number of ways, for example, by prolonging anxiety for the child about an uncertain future, by continuing with stressful and unsettling contact arrangements and in cases where a child will be adopted, by reducing his or her chance of finding a permanent family home. Such long processes both deliver poor outcomes for children and families and impose huge costs on the criminal justice and local authority.

### The proposed solution

#### What we have done at a local level

Working together with the judiciary, the court services, the Children and Family Court Advisory and Support Service (CAFCASS) and other key stakeholders, the Tri-borough local authorities (Hammersmith and Fulham, Kensington and Chelsea, and Westminster) have begun a pilot project whose aim is to minimise unnecessary delay. The Care Proceedings Pilot commenced on 1<sup>st</sup> April 2012 and will last for 12 months during which time it is estimated up to 100 cases will be heard.

The target duration for Care Proceedings within the pilot is **26 weeks**, thus halving the length of time that children and families are living with uncertainty. The Family Justice Review estimated that on average, there are 8.8 hearings per case. The pilot aims to reduce this number to 4 hearings per case in line with the Government's ambition to achieve this nationally from April 2013.

Key stakeholders including the local authority social work and legal departments, CAFCASS, the court staff and judiciary, have all made commitments to change the way they operate with a shared goal of:

- improving the quality of local authority evidence presented to the court;
- ensuring early allocation and case analysis from CAFCASS Guardians
- providing judicial continuity and social worker continuity for every case; and
- tracking cases and creating a feedback loop to enable stakeholders to learn and adapt as the pilot progresses.

The end of September 2012 marked the half way point of the Pilot and there are promising indicators of success. A number of the early cases have completed within the target 26 weeks and there has been a reduction in numbers of hearings and additional assessments, one of the major causes of delay. Inevitably the most straightforward cases have completed first and the challenge will be to produce a similar trend for more complex cases. Stakeholders have identified that for pilot cases, there is a culture of urgency within the court and more of a focus on the impact of delay for individual children.

The initial analysis of the baseline costs across the Tri-borough indicate that the total spend for all agencies involved in Care Proceedings is close to £11m per year, the majority of these costs being associated with legal representation for the local authority, for children and for their parents. A preliminary analysis based on completed cases in the Pilot to date, indicates that savings in our Children Services legal costs for 2012/13 could be up to £1.9m. Reducing the caseload would also reduce costs for HM Court Services and other agencies.

Lessons from the Pilot are being disseminated to other London boroughs and with funds from Capital Ambition, project resource time is being provided to help agencies across London implement similar models in their areas. An independent evaluation will be commissioned and is expected to report its findings by the end of June 2013.

### **Where we need national Government support**

**This promising pilot not only deliver savings for Tri-Borough but for the whole of the criminal justice system.** The Government has responded positively to the Family Justice Review and new legislation is currently under consultation which will contribute to the implementation. **We need Government to continue to support this agenda and deliver plans to:**

- **Create the single family court**, ensuring adequate funding and good availability if district and circuit judges
- **Expand and improve the training programme for magistrates**, enabling them to make confident decisions given the limited amount of training they receive

## WORK AND SKILLS: EXECUTIVE SUMMARY

**By making employability a key part of the school curriculum and prioritising skills funding on achieving job outcomes, we can give 3,500 young people a year a better chance of finding work and save £1.5-2.5 million annually**

### The problem

We have amongst the highest number of vacancies across London, and the number of new jobs is increasing. Yet over 4,700 young people are out of work across the Tri-borough. This is because

- There is a disconnect between what is learnt and taught in school and college, and the skills employers demanded.
- Students lack accurate information about the labour market, so often choose vocational courses in sectors where there are already more job seekers than vacancies.
- Family background still matter and are a major determinant of poor outcomes and low aspiration to seek and maintain a job.

Accountability for ensuring young people are employable is not the responsibility of any single organisation – it is shared between schools, colleges, DfE, DWP, BIS. The skills market is designed to respond to the needs of learners. However, students do not always have the information they need to make informed decisions that maximise their chances of finding employment.

### Why does it matter?

Over half of the 4,700 young people on out of work benefits have been unemployed for over 6 months. This puts them at high risk of the long term scarring effects including further spells of unemployment, lower earnings and poorer health.

Good ideas already exist but implementation is patchy. There are dis-incentives built into the way public services are provided that can at best cause unnecessary competition between vocational skills training and academic qualifications and at worst, ignores the needs of employers in favour of a learner driven approach to funding further education.

## The proposed solution

**An Employability Programme that runs from the first year of secondary education through to sixth form or further education college** (and into work for those at high risk). It will work with employers, local authorities, government, students and parents to increase the employability of young people leaving education. This would not replace academic learning, but complement it. We propose to pilot the Employability Programme in 6 Tri-borough schools to demonstrate the outcomes and savings this type of intervention could achieve. Our pilot could support consideration of whether this type of approach could subsequently be rolled out regionally or nationally. Our proposal consists of a number of components:

- **Employability learning & experience** – young people will undertake a range of formal and informal activities designed to improve their employment skills. Those pupils at highest risk of becoming NEET would receive more intensive and bespoke support;
- **Employability passport** – building on the Personal Learner Record this document would evidence young people experience and skills in a format easily understood by employers. The passport could be awarded gold, silver or bronze status.
- **Transition** - no ‘cliff-edge’, particularly for those at the highest risk of becoming NEET. Even after leaving education or training the Employability Programme would still offer support to ensure a swift transition to sustained employment. JCP would use the ‘risk of NEET’ indicator to identify and tailor support to those at highest risk of becoming entrenched NEETs.

**To address the market failures around skills**, we think a much closer link between funding for vocational skills provision and entry into sustained employment to reward those providers that are best at supporting their students into work is needed. This would mean:

- **Better and more consistent information** needs to be available in order to accurately assess skills shortages and the effectiveness of vocational education in relation to employment outcomes; and
- **A greater proportion of skills funding must be linked to job outcomes.** Further education providers have told us that the 10 per cent job outcome incentive payment is not sufficient for them to focus on job outcomes. If the current trial demonstrates that job outcome payments are the right lever, job outcome payments of around 20% should

piloted to test if this improves outcomes for learners. The Greater London Authority (GLA) supports this proposal.

### **What we can do at a local level**

We propose to run the Employability Programme with six schools in Tri-borough to begin with and evaluate the results after 2 years with a view to wider roll-out thereafter. We estimate the cost of the Employability Programme would be £0.32 million over 2 years. This would improve the employability skills of 3,500 students each year at an annual cost of less than £50 per pupil. The cost for the first two years could partially be met by business sponsorship and the remainder from Whitehall, local authorities and schools.

Initial discussions with schools, FE colleges and businesses have been very positive. Funding beyond 2 years would depend on demonstrating results in terms of improved attendance at school, increasing the proportion of young people finding work, reducing the cost of NEETs to the public sector and identifying where the taxpayer benefits fall.

We are confident that our proposals will reduce the number of young people who become NEET and remain NEET for long periods. Our analysis suggests that the pilot in six schools would generate savings to public services in the Tri-borough area of £1.5-2.5 million annually. If these proposals were rolled out across all schools in the Tri-borough we believe the annual saving to the public sector would be around £6-10 million depending on how effective the interventions were. In a worst case scenario where we only achieved a 2 per cent reduction in the flow of young people on to benefits the Employability Programme would still break even. The proposal would also deliver wider economic benefits to the local area.

### **Where we need national Government support**

**To take forward the Employability Programme and Passport we require:**

- The Tri-borough, DfE and DWP/JCP agree to provide a small amount of funding to match the support that schools and employers will put forward in order to pilot the Employability Programme;
- DfE, BIS and DWP and Tri-borough agree explore how best to match data to assess the impact of these changes on young people;

- JCP to pilot the use of the 'risk of NEET' indicator to identify early on those young people at highest risk of becoming an entrenched NEET and who would benefit from more intensive support including the option of an early referral to the Work Programme.

**To improve the operation of the skills market to ensure more young people are able to find work and that skills provision supports economic growth we recommend that the following policy changes should be considered by Government:**

- BIS should increase the proportion of skills funding which is linked to job outcomes to around 20% increase the number of learners finding a job.
- The job outcome incentive pilots should also explore the use of sustainability measures and payments linked to progression in employment.
- The SFA should ensure that all post 19 FE colleges and providers systematically collect destination information for students leaving vocational courses.

## **HOMES AND JOBS THROUGH THE HOUSING REVENUE ACCOUNT: EXECUTIVE SUMMARY**

**Through the incremental investment of £50m we can deliver 300 new homes, support 370 tenants into employment over 5 years, create a net surplus to the HRA of £0.5 million per year and generate 700 construction jobs. However to do this we need to be able to use the debt potential within the HRA to construct new homes and recycle a proportion of that surplus into getting tenants into employment**

### **The problem:**

Following recent reforms to the Housing Revenue Account (HRA) and the Localism Act, local authorities now have greater powers and responsibilities in managing their housing assets and greater flexibility over the allocation of social housing. Local authorities are putting in place business plans and asset management strategies which will drive efficiencies in the management of housing and to ensure the long term viability of their housing “business”. They are also consulting on strategies to guide the future use of housing assets through adoption of more flexible tenancies and allocations policies.

Early progress in implementing HRA reforms is already highlighting the opportunity to take a more strategic view of the commercial potential of local authorities’ housing portfolios and the role that these assets can play in supporting the economic development of local communities. That potential will vary from place to place but, in the Tri-borough, the opportunity is to use a housing portfolio valued at some £2.4 billion not only to meet the current housing needs of the poorest members of society but also to support people’s aspirations to improve their careers and housing choices.

There are, however, constraints in the HRA self-financing system that prevent such opportunities from being fully realised. These include limits on borrowing money, charging levels of rent appropriate to tenants’ circumstances and spending HRA money on activities that will best preserve the value of HRA assets and revenues. These put local housing authorities unnecessarily at a disadvantage relative to other housing bodies such as Private Registered Providers. Further HRA flexibilities are required to overcome these disadvantages..

### **Why does it matter?**

The Tri-borough is a prosperous location in terms of average income and wealth per capita. However, that overall prosperity masks some underlying issues which affect the economic opportunities that our residents face. In particular:



- Many families are squeezed out of the area as suitable accommodation is unaffordable to people on middle incomes – especially if they want an ownership stake in their home;
- Despite the abundance of jobs in the area, there are pockets of entrenched worklessness, particularly in areas of social housing, where residents become locked into welfare dependency and unemployment becomes the norm.

Housing and employment opportunities are inextricably linked. If people perceive that getting a job and working hard do not bring strong prospects of good quality housing in which to raise a family, then their aspirations and ambitions will be undermined.

Housebuilding is taking place in this part of the London. However, faster delivery is required as it is not keeping up with household growth. Also, many of the properties that are being built are sold to overseas buyers as investment properties and/or second homes, rather than to meet the housing needs of local people.

### **The proposed solution**

This proposal aims to create a virtuous circle between housing and employment. It does so by:

- **Creating enhanced local housing choices for middle income families**, thereby creating a ladder of opportunity for lower and middle income families to advance on the employment and housing ladder;
- **Making use of new flexibilities within the Housing Revenue Account to build new housing suitable for middle income families** and to recycle a proportion of the resulting surpluses into supporting social housing tenants into employment.

Besides these socio-economic objectives, **the project makes financial sense**. Between them, the three boroughs own an extremely valuable housing portfolio that is leveraged at a low level compared with Private Registered Providers. These assets could be harnessed more fully to produce a financial return and wider economic benefits. The proposal is to carry out an initial pilot in Westminster based on:

- **Using the debt potential within the HRA to construct new homes** which will generate a financial surplus (paid for from working tenants' incomes rather than from housing benefits); and
- **Recycling a proportion of that surplus into getting tenants into employment** – thereby reducing financial shortfalls to the HRA that are likely to follow the introduction of welfare reforms (housing arrears, costs of evictions, etc) as well as increasing tax revenues and reducing overall benefit costs.

Such a programme can accelerate housing delivery beyond the levels that would otherwise be built within either the social housing or market sectors. Incremental house building activity supports the economy, creating at least 2.3 new jobs for every additional home built, at a time when those jobs are most needed.

In this business case, we have shown how such a programme (based upon incremental investment of £50 million) could:

- Deliver 300 homes;
- Create a net surplus to the HRA of £0.5m per year over the first ten years, and an asset worth £64m at the end of that period;
- Engage 1,350 tenants in an employment programme and support 370 into employment over five years;
- Generate 700 jobs in the construction of new housing; and
- Create a culture in which the ambition of residents to progress on the housing and employment ladders is rewarded with economic opportunity.

## INFRASTRUCTURE: EXECUTIVE SUMMARY

We could potentially build approximately **21,000 new homes** and create **196,000 new jobs**, with a gross value of approximately **£17 billion** based on current land values, by developing Old Oak Common and a Crossrail station at Kensal for Portobello

### The problem

Railway infrastructure projects are currently designed and planned as ‘silos’, purely to deliver railway schemes. This approach stifles the additional wider benefits such schemes could otherwise deliver through real estate development, economic regeneration, inter-modal connectivity, etc. and provides very little opportunity to understand the rationale behind the decision making process, and even less scope for those outside the silo to influence decisions. Timetables are set on this basis, and then modifications to take a more holistic view are regarded as ‘costs’ as they risk ‘delays’.

### Why does it matter?

This report uses the example of High Speed Rail 2 (“HS2”) and Crossrail to demonstrate how a different approach, based on optimisation through a process of partnership working and integrated assessment, could deliver significant economic benefits. Our initial findings are that – if the railway design were optimised to facilitate development – then development at Old Oak Common and a Crossrail station at Kensal for Portobello could potentially yield approximately 21,000 new homes and 196,000 new jobs, with a gross value of approximately £17 billion<sup>15</sup> based on current land values. The additional development at Old Oak Common and Kensal would release substantial economic value, with local Gross Value Added of up to £74 billion in net present value terms (for Old Oak Common alone the Exchequer could receive up to £2.3 billion in additional tax revenues). If these benefits are realised, and reflected in the appraisal of High Speed 2, then it would significantly strengthen the economic case for the project<sup>16</sup>. If developed fully the Old Oak Common site alone could accommodate up to twenty-five per cent of London’s growth over the next thirty years and much of this site is in public ownership (BRBR, TfL and DfT). Kensal / Portobello could be developed from 2018, with parts of the North Pole Depot available immediately.

### The proposed solution

Maximising the economic value of railway projects requires Government to work with local partners in a different way. The railway infrastructure and associated development and

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<sup>15</sup> Source: H&F estimate. This figure will be verified shortly through additional economic impact assessment work

<sup>16</sup> We estimate that a £2.5 billion improvement in the net benefits of HS2 would improve the benefit: cost ratio (BCR) of that project by approximately 0.1

regeneration will only be optimised where the development and regeneration potential are integrated into the options and analysis from the outset, and co-designed with those partners who are best able to identify those options. In the case of the HS2 and Crossrail projects, that means working with the local authorities to ensure that the configuration of the stations and depots at Old Oak Common and Kensal support the development and regeneration potential of west London. Formal consultations, such as the current consultation on safeguarding the route between London and the West Midlands, have a role to play, and boroughs will of course engage with such processes. But they are not a substitute for working in partnership from the outset of project development.

There is still an opportunity to ensure that development and regeneration opportunities are realised. The necessary changes can be made to the proposed configuration of the infrastructure. Those changes have the best chance of being optimised and implemented if the following conditions are met:

- The remit of HS2 should be broadened to include engagement with the local authorities along the route to ensure that investment in HS2 is planned to enable these areas to benefit from development opportunities around proposed stations and to deliver wider economic growth;
- The Royal Borough of Kensington and Chelsea should be invited onto the HS2 London / Heathrow Stakeholder Group;
- The assessment methodology for the project should be revised to include consideration of the regeneration benefits that the project will deliver;
- Government and Crossrail should acknowledge the wider economic benefits that a Crossrail station at Kensal/Portobello would deliver and plan the station into its future modelling of the business case and train timetabling;
- The Strategy Board of the Old Oak Common Opportunity Area Planning Framework should have a broader remit and should include Department for Transport at a suitable level of seniority (e.g. a member of the Ministerial team);
- Opportunities should be investigated for finance that can be mobilised by the development potential associated with the projects, e.g. Tax Increment Financing, Community Infrastructure Levy and/or section 106 planning obligations.

The approach advocated in this paper may be replicable elsewhere and should thereby help to ensure that the UK can secure maximum value from the programmes and projects within the Government's national infrastructure plan. Maximising the opportunities for

regeneration and development on the back of major infrastructure projects needs to be a cross-government responsibility, and it is recommended that the Department for Communities and Local Government should review how it can contribute to this agenda most effectively.

## WESTMINSTER CITY COUNCIL SUBMISSION TO THE WEST END COMMISSION

### 1. PURPOSE

- a) Westminster City Council has been the custodian of the West End for decades, fostering an internationally renowned destination for many visitors and providing a home to generations of Westminster residents. Businesses have been created and prospered here and we welcome this opportunity to contribute to the ongoing development of the West End.
- b) We recognise that the businesses of the West End are facing new and pressing challenges and residents need their quality of life protected. **In this submission we argue that maintaining the value of this UK asset requires strong leadership from the council** to deliver a great environment, encourage distinctive, quality business, maintain a high quality of life and provide effective local public services. **We also highlight some of the most pressing issues which we believe the Commission can usefully address.**

### 2. THE WEST END IN CONTEXT

- a) London is changing. It is a major global city, arguably only matched by New York. It is a pre-eminent centre of international commerce, culture and government. It has been the focus of enormous commercial and public investment, galvanized by the demands and opportunities of Summer 2012 and longer term economic and national drivers, such as Crossrail.
- b) London's growth has seen an increasingly diverse range of quality 'places' develop across the capital. The West End has always had a pre-eminence and can rightly be regarded as the beating heart of the capital. It has had significant development and investment over recent years and it has benefitted from a continuing legacy of estates and developers that have a long-term interest in the physical and social quality of the area. However, with the increased offer of quality places across London, and increasing economic sector competition, **the West End cannot afford to be complacent and needs to define a collective view of its positioning over the next 20 years.**
- c) The West End has no strict geographical definition: there is a West End for retail; for business; for tourism; for theatre; for culture and other leisure and, of course, for residents. The internal dynamics of different parts of the West End vary: Covent

Garden is different to Mayfair, which in turn is different to Oxford Street. There is a daytime West End, an evening West End and a nighttim West End. These are all busy and vibrant and play their vital part in contributing to London's global success.

### 3. WESTMINSTER CITY COUNCIL'S ROLE

- a) The West End is not the sole responsibility of Westminster City Council, but the council is unique in the extent to which it is the **local** authority which serves this **global** destination. The West End is also home to a thriving residential community and the council must always balance the sometimes competing interests and views of businesses, visitors and residents.
- b) Compared with many other cities, the council has traditionally protected the unique selling points of the West End through planning, licensing and enforcement policy and sound city management. Generally the economy has not needed strong stimulus packages. A summary of the key planning and licensing policies which have underpinned our approach is attached at appendix 1.
- c) The council has long seen the benefit of working in partnership with others to manage and promote the West End and has a long track record of collaborations, for example, with the Business Improvement Districts and government agencies including the Mayor, Transport for London and the Metropolitan Police Service.

### 4. POSITIONING A VISION FOR THE WEST END

- a) We believe that that a vision has to start with promoting the West End **as a place of continued international pre-eminence**.
- b) To achieve this we have to ensure that a successful **West End has a thriving economy, great environment, distinctiveness, a high quality of life and effective local services**:
  - i) **Thriving** – competitive and innovative, the place to start and grow a business; a powerhouse of the UK economy with an international reach and perspective, capable of promoting itself nationally and globally
  - ii) **A great environment** – safe, clean, well maintained and managed
  - iii) **Distinctiveness** – capitalising and sustaining individual character, expressed by the functionality of buildings and public spaces, as well as the activities which take place around them

- iv) **High quality of life** – facilities to support the residential and business community as well as specialist support for the more vulnerable, including policies that discourage anti-social behaviour
- v) **Functionally effective** – with infrastructure and services which meet the needs of all and which work well.

## 5. KEY CHALLENGES

### a) Thriving

- (i) The council has historically taken a market-led approach to economic development, believing the market to be best placed to deliver sustained economic growth. Parallel to this it has very clear policies on licensing, planning and land use that manage and balance competing interests. However, in a radically changing set of economic conditions it may be asked whether we need a more nuanced approach in assisting the development of particular sectors. Some traditional sectors appear vulnerable and the question is how best to respond. For example, there is competitor space for volume shopping developing to the south, east and west of the capital, which raises challenges for Oxford Street in particular. There is international retailer demand for West End space, and change will be necessary, to continue to capitalise on this.
- (ii) Should there be better shared economic data available real-time in a partnership mode to assist in an understanding of the prevailing economic circumstances and trends? The concerns about a downfall in sales early in the Olympics and the inability to come upon hard data were an example of a deficiency here.
- (iii) Promoting the cause of the economy is often seen in a Westminster context as a zero sum game - if business gains, the residents lose. This is partly driven by the traditional assumption of relative economic prosperity. The council cannot tolerate a zero sum game and needs to ensure that we create a virtuous circle between the interests of business and residents.
- (iv) A thriving West End needs to promote and position its unique offer. Over the past five years the council has participated in the West End Marketing Alliance, which has provided a valuable way of marketing the West End. Any revised governance arrangements needs to promote strong collective marketing.



## **b) A great environment**

- (i) Current planning and licensing policies have been carefully developed over many years to promote and sustain a quality environment, of a unique kind. This has been supported by long-term interests of the large landed estates for whom continuous reinvestment in fabric and public realm pays back. Such a programme of investment has taken strong steps in the past four years and will need enhanced private sector funding to sustain it.
- (ii) The council has also long argued to central government that it should have the full range of powers needed to effectively manage and handle the particular challenges associated with the West End, including cost recovery around planning applications. It has also cautioned against other proposals that it believes would damage the West End, such as lifting restrictions on designating properties from commercial to residential use.
- (iii) Sustaining world-class transport infrastructure for the West End is a key issue and there are important debates on how we can create and upkeep a high quality public realm. The key challenge is to now shape a strategic vision that moves the debate forward in a way that reconciles the competing interests, real or perceived, between residents and businesses. This is encapsulated in the need to resolve the pedestrianisation debate and promote positive modal shift.

## **c) Distinctiveness**

- (i) The West End is a mosaic of distinct neighbourhoods and environments. The current planning approach has secured and continues to promote this and a strong City Development Plan will be instrumental to sustaining this, especially through the emerging localism approach to planning. The council is committed to taking a strong but careful approach to ensure the benefits of localism are achieved while avoiding the risk of balkanisation. We need to achieve coherent distinctiveness.

## **d) High quality of life**

- (i) With demand from residents and the high number of visitors, local public services are put under unique pressure. This is particularly true of primary health care services which must serve both the needs of those who live close by and commuters.

- (ii) The council believes that a high quality of life is consistent with taking civic responsibility and it will be important to continue to promote, reward and incentivise the contribution of all to a thriving West End. **We would like to see the Commission support the drive of the council to build social capital** with business and residents working together for the common good. There are pockets of the West End in which the quality of the nighttime economy is deficient, with anti-social behavior, uncontrolled drinking and low grade crime all present. Licensing policy has been effective to a degree but there is a need to continue to raise the quality of the nighttime economy.

**e) Functionally effective**

- (i) The West End population is amongst the most computer literate in the world. It will be vital to create stronger exploitation of digital and future technology both to promote economic growth and to improve quality of life. The council will continue to develop innovative solutions to exploit technology and facilitate the investments in new ICT infrastructure that will be needed if the West End is to remain competitive.
- (ii) There are also more traditional infrastructure needs including transport, streets, power, water and drains which are increasingly problematic.

## **6. GOVERNANCE**

- a) The current governance arrangements have worked historically. The council commissioned the West End Commission in part to consider how we can resolve the inevitable disagreements which occur from time to time and to promote a stronger West End.
- b) There will always be tensions and conflicts. There is government agency complexity with legitimate direct interests in place-shaping terms held by Westminster, Camden, the Mayor of London, TfL, the Mayor's Office for Policing and Crime and the Metropolitan Police Service and indirect government body interests held by many other agencies and authorities, such as the City of London. In addition, there is a complex array of private sector and community interest groups, all of which have to be brought properly to bear. The council has strong relationships with effective and ambitious Business Improvement Districts, but these by definition, are partial by their coverage and are not designed to provide a coherent overall strategic vision for the West End. An additional complexity is manifested in the reality that pan-London bodies always have to navigate their way through the competing interests of different

parts of London, in the competition for investment and attention. Nonetheless, no-one would publicly dissent from the proposition that the West End has pan-London significance.

- c) Any governance arrangements need to have legitimacy and the council believes that it would always have the leadership role in any arrangement, enshrined in its democratic and statutory mandate, without which nothing can be delivered. Any arrangements would need to involve partnership between the public and private sectors and would need to meet the following tasks:
- promote and drive a coherent and ambitious vision for the West End
  - act as a broker by which the contributory processes and decisions made by different organisations are worked through and shaped in a coherent way
  - act as an advocate for the West End
  - provide the financial and resource coherence necessary to deliver the vision and strategy.
- d) There is much talk of City Deals at present. Those areas in which these are being advanced differ from London in that the capital already has distinctive governance with the Mayor of London and the GLA. The funding mechanisms to ensure that the needs of an internationally significant place are fit for purpose need to be looked at and appropriately governed. For example, the current and future business rate regimes do not incentivise the council to invest in its long-term future and success. The council has serious concerns that the international dimensions of the West End are not properly reflected in current funding arrangements, which threatens the fabric of this vital and unique place. Across Westminster we currently spend around £50 million more on services for residents than we receive in grant or other funding. **We would like the Commission to consider how the capital of the capital can be compensated for its national role.**

**Westminster City Council's response to  
London Councils Questionnaire on the  
Mayor's 2020 Vision**



City of Westminster

30 October 2012

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**Questions 1 and 2:** How do you expect the population profile of your area will change up to 2020 **AND** what factors do residents in your area consider to have the greatest impact on their quality of life?

**Changes to the city's population profile**

We anticipate continuous and significant population churn throughout the rest of the decade in Westminster accompanied by population growth.

We expect that population growth will be driven by growth through natural change (more births than deaths) and continued high migration (both internally and externally). Net migration numbers are likely to be determined by two main factors – the availability of jobs in the local economy and the impacts of immigration policy changes. Given the robustness of the Central London economy over the past 5 years the expectation is still that Westminster will remain a net magnet for migration.

More unpredictable changes to the population are likely to be caused by global events creating population displacements from affected communities – recent examples have been changes to tax in France, and Middle East tensions. Westminster is particularly sensitive to being impacted by such events because of its attraction to migrants for both economic and community reasons.

The feature of foreign investment in housing stock in Westminster may be of increasing significance – the increasing use of properties on a part-time basis has implications for local businesses and community cohesion. Recent second home data produced by ONS has highlighted that this may become a key issue in particular areas.

The welfare reforms are also likely to have significant impacts in Westminster. It seems likely that in the long term several thousand families will no longer be able to afford to live in the Borough

although as yet it is unclear as to the likely long-term response of landlords to these changes or the type of resident likely to replace them.

Finally we expect the borough to become more ethnically diverse. Driven by both migration and natural change components - 70% of children are currently being born to mothers who themselves were born abroad.

Westminster is likely to remain a Borough with a much higher than usual proportion of the population of working age and we do not anticipate any significant changes to the age-sex demographic.

### **Key issues for residents (and visitors)**

- **Frontline public services** - With demand from residents and the high number of visitors, local public services are put under unique pressure. This is particularly true of primary health care services which must serve both the needs of those who live close by and commuters.
- **Transport** - Sustaining world-class transport infrastructure for Westminster is a key issue and there are important debates on how we can create and upkeep a high quality public realm. The key challenge is to now shape a strategic vision that moves the debate forward in a way that reconciles the competing interests, real or perceived, between residents and businesses
- **Planning** - Our planning authority is the busiest in the country with five times more applications received each year compared with boroughs with similar sized populations. To compound the complexity and challenging nature of planning in Westminster, 75% of the city is within a designated conservation area and 15% of the applications are for Listed Building consents, neither of which currently attract a fee. These restrictions mean that our work to facilitate growth and development through planning requires a taxpayer subsidy of around £6million every year.
- **Licensing** - There are over 5,000 food premises in the City of Westminster (more than double the London average) and almost 14,000 premises are signed up to Health and Safety checks. We take very seriously our duty to ensure that people visiting central London can have peace of mind that what they are buying, eating or drinking is safe and hygienic.

**Question 1a and 2a:** What are the most significant changes (e.g. new powers, devolution, autonomy, or policy change by government or GLA) that would better enable you to address the implications of this change AND address the aspirations of residents?

- **City deals and business rate reform** - There is much talk of City Deals at present. Those areas in which these are being advanced differ from London in that the capital already has distinctive governance with the Mayor of London and the GLA. The funding mechanisms to ensure that the needs of an internationally significant place are fit for purpose need to be looked at and appropriately governed. For example, the current and future business rate regimes do not incentivise the council to invest in its long-term future and success. The council has serious concerns that the international dimensions of Westminster are not properly reflected in current funding arrangements, which threatens the fabric of this vital and unique place. Across Westminster we currently spend around £50 million more on services for residents than we receive in grant or other funding. We would like the Mayor to consider how local authorities can be rewarded for their important national role in driving growth.
- **Cost recovery around planning and licensing** – The council has also long argued to central government that it should have the full range of powers needed to effectively manage and handle the particular challenges associated with Westminster, including cost recovery around planning and licensing applications. We would like to work with the Mayor to make the case for better aligning local government's statutory duties and funding so that councils are incentivised and not penalised to support business and promote growth.
- **Backing the findings from Community Budgets** – Our joint whole-place Community Budget pilot with Hammersmith & Fulham and Kensington and Chelsea has shown how within five years we can save approximately £80m across local public services within Tri-borough, driving growth, reducing dependency, building homes, creating jobs, lengthening lives and rehabilitating criminals. As the only pilot in London we would like to work with the Mayor to make the case to central Government for implementing, and scaling-up, our proposals across the capital.
- **Learning from the West End Commission** - The West End is a unique place locally, nationally and internationally. In only a few square miles it provides a shop window to the rest of the country and to the world, showcasing the very best that London and the United Kingdom have to offer whilst highlighting the extraordinary diversity and character of our nation's capital city. The independent West End Commission has been established in recognition of the fact that these unique qualities of the West End also bring unique operational and strategic challenges for residents, businesses, boroughs and the GLA. We believe the Mayor has an important contribution to make to informing, and engaging with, the Commission's recommendations.
- **Building social capital** - The council believes that a high quality of life is consistent with taking civic responsibility and it will be important to continue to promote, reward and incentivise the contribution of all to a thriving Westminster. We believe any vision for the future of London should have a focus on building social capital with business and residents working together for the common good.

**Question 3:** What is currently the most important business sector in your area; how do you expect this to change?

By employment size Westminster's biggest business sectors are (using SIC codes):

- Professional, scientific and technical
- Accommodation and food services
- Retail
- Public admin and defence
- Business admin and support

By number of businesses, Westminster's largest business sectors are (SIC codes):

- Professional, scientific and technical
- Property
- Information and communication
- Arts, entertainment and recreation
- Business Admin and support

The council does not anticipate any major changes in these sectors. It is possible that Public Admin and Defence will decline as an employer.

We are concerned that small businesses that currently make up 85% of our businesses (those employing less than 10 people) are finding it harder to operate in Westminster. This because of mounting overheads (rents and rates) and reductions in the supply of business accommodation (especially office space which is being converted to residential). Supply of new offices is targeted at Grade A floor space affordable only by multinationals.

**Question 4:** What are the most significant changes (e.g. new powers, devolution, autonomy, or policy change by government or GLA) that would best equip your local authority to increase economic growth?

### **Promoting local growth**

Westminster welcomes the Government's ambition to give local areas greater autonomy to drive growth. However, we are keen to ensure that the Growth and Infrastructure Bill and proposed

reform of the business rate system reflects London's unique governance arrangements and gives local authorities a fair share of new flexibilities and incentives to create the conditions for growth.

Both the NPPF and the Planning system generally put more emphasis on housing growth rather than business growth and this is reflected in the government's proposals to remove the need for planning permission for commercial space changing to housing.

We would encourage the Mayor to do more to reduce exhaust emissions from his bus fleet and from taxis to improve London's air quality which is beginning to adversely impact on the economy as part of an overall poor environmental performance relative to its main competitors (PWC Cities of Opportunity 2012).

Both the Mayor and local authorities should, if necessary via statutory requirement, have to do more to procure directly with SMEs. This could include statutory advertising of contractual opportunities and also funding successor to Compete For that public sector supply opportunities.

### **Reducing dependency and improving skills**

Too many young Londoners miss out on employment opportunities because employers lack the incentives to hire local talent. **We could work with the GLA to pilot a Tri-borough Job Growth Zone** that would give each company that hires or trains a local young person a business rate discount. The discount would be funded by a proportion of the savings made from moving the young person off out-of-work benefits and into a job or financed by making use of new flexibilities within the Housing Revenue Account to build new housing suitable for middle income families and to recycle a proportion of the resulting surpluses into supporting social housing tenants into employment. This would help to stimulate the Housing market and tackle worklessness.

To address the market failures around skills, we think a much closer link between funding for vocational skills provision and entry into sustained employment to reward those providers that are best at supporting their students into work is needed. This would mean:

- Better and more consistent information needs to be available in order to accurately assess skills shortages and the effectiveness of vocational education in relation to employment outcomes; and
- A greater proportion of skills funding must be linked to job outcomes. Further education providers have told us that the 10 per cent job outcome incentive payment is not sufficient for them to focus on job outcomes. If the current trial demonstrates that job outcome payments are the right lever, job outcome payments of around 20% should be piloted to test if this



improves outcomes for learners. The Greater London Authority (GLA) supports this proposal.

Funding for skills and employment is channelled through many different central, local and regional agencies. The government working with the GLA and boroughs need to simplify public spending on employment and skills for young people and NEETS at a regional level. We advocate using a framework which would enable a range of separate commissioners to pool their funding via a smaller number of contracts to be delivered in a locality. It would build on the principals of the Work Programme and DWP Employment Support Framework but with checks and balances to allow 1. More localised payment profiles for outputs 2. Encourage greater proportion of contracts to be delivered by high performing social enterprises and charities.

**Question 5:** What proportion of the population in your area is long-term unemployed; what proportion is in low paid work? *(as a guide to definition: the GLA use the London Living Wage of £8:30 per hour to define low pay)*

Census 2011 population figures have Westminster working age population (16-64 yr olds) at 162,300.

	number	rate
0 to 6 months	2,545	1.6
6 months to 1 year	710	0.4
1 to 2 years	910	0.4
2 to 3 years	315	0.2
3 to 4 years	155	0.1
4 to 5 years	85	0.1
Over 5 years	15	0.01
TOTAL	4735	2.8

The annual survey of hours and earnings 2011 places 10% of Westminster's population as earning less than £8.35 an hour.

**Question 5a:** What are the most significant changes (e.g. new powers, devolution, autonomy, or policy change by government or GLA) that would better enable you to help people into work and into higher paid work?

Please see response to question four.

**Question 6:** Considering the infrastructure needs in your area up to 2020:

**a. What are the two most significant, but currently unfunded transport projects?**

Crossrail Line 2 and LUL station congestion relief- note HS2 is post 2020. Too early to say what comes from Mayor's Roads Task Force.

**b. What are the two most significant, but currently unfunded other infrastructure needs?**

For 2020 the outcome of health infrastructure reviews, A&E rationalisation, primary, secondary and tertiary education and super fast broadband networks eg for Soho etc.

**c. What are the most significant infrastructure needs relating to utilities?**

Thames Tideway Tunnel and reliable power networks-linked to CHP/DE networks

**d. What changes in the funding regime or local authority capabilities would most help your authority to better address these needs?**





Utilities to be able to invest ahead of demand, sorting out 'pass the buck' between the providers and the regulator. We would like the Mayor to explore how local authorities could be given the power to require co-operation from utilities in planning and coordination of works. To support this, we would also look to government to ratify their commitment to CIL and continue to improve the existing regulations.

For further information please contact Giles Roca, Head of Strategy at [groca@westminster.gov.uk](mailto:groca@westminster.gov.uk) or on 020 7641 2412

## APPENDIX 4

### Performance and Risk

#### Appendix 1: Quarter 1 Priority Measure Assessments

Performance Assessment		Performance against last year's position (Direction of travel)	
	On track to deliver target.	▲	Improvement on last year's position
	Off Track, will not deliver target.	►	Position has deteriorated since last year
	Delivered/ exceeded target.	▼	Same as last year
	No update available for Quarter 1.	U/A	No update available

\*\*where no target information is available the baseline figure has been reported in "2012/13 Target" column in table below.

Description		Quarter 1 Position	2012/13 Target**	Performance Assessment	Direction of Travel
<b>Andrew Christie</b>			<b>Children's Services</b>		
1	Take up of Nursery Education Fund grant by 3 and 4 year olds	1559	1380*	On Track	▲
2	Assessments for children's social care that were carried out within 45 working days of their commencement	72%	90%*	Off Track	▼
3	Timeliness of placements of LAC for adoption following an agency decision that the child should be placed for adoption	100%	100%*	On Track	▲
4	Stability of placements of looked after children: number of moves	1%	11%*	On Track	▲
5	Children becoming the subject of a Child Protection Plan for a second or subsequent time	23.5%	10%*	Off Track	▼
6	Looked after children cases which were reviewed within required timescales	100%	100%*	On Track	▲
7	Referrals to children's social care going on to initial assessment	62%	65%*	On Track	▼
8	Number of Sure Start Children Centres providing Good or Outstanding services	2 Hub Centres rated 'Good'	100%*	On Track	▲
9	Care leavers in suitable accommodation	90%	80%*	On Track	▲
10	Care leavers in employment, education or training	60%	60%*	On Track	►

Description		Quarter 1 Position	2012/13 Target**	Performance Assessment	Direction of Travel
11	Re-referrals to children's social care	25%	15%*	Off Track	▼
12	Number of incidents of serious youth violence	33 incidents	310*	On Track	▲
13	Caseload numbers for Children in need, Child Protection and Looked after Children	2,004	U/A	On Track	U/A
14	E-CAF's - activity numbers	772	U/A	On Track	U/A
15	Legal Proceedings	21	1% improvement	On Track	U/A
16	Teenage mothers in employment, education or training	22	1% improvement	On Track	U/A

Andrew Webster			Adults Services		
1	No. Adult residents supported to live independently with ongoing social care per 1,000 adult 18+ population	13.4	13.60*	On Track	▲
2	Rate of older people supported at home with alarms / telecare	13.20%	13.50%*	Off Track	▼
3	% of completed reablement programmes resulting in the need for no further care for 2 years.	87.50%	N/A	N/A	N/A
4	% of people completing reablement who do not require ongoing social care	86.10%	78.2%*	On Track	▲
5	Admissions to residential care per 10,000 population (65+) per month	0.6	3.3*	On Track	▲
6	Number of new admissions of older people to residential placements in a month	7	7.4*	On Track	▲
7	Rate admissions to nursing homes	0.6	3.4*	On Track	▲
8	People supported at home with social care to have a personal budget	63.1%	90%	Off Track	▼
9	% of personal budgets received as direct payments	36.2%	34%*	On Track	▲
10	% of alerts that lead to a safeguarding referral	52.6%	56%*	On Track	▶
11	% of people supported with learning disabilities in employment	3.6%	6.3%*	Off Track	▼
12	% of people supported with mental health needs supported in employment	1.4%	5.4%*	Off Track	▼

Description		Quarter 1 Position	2012/13 Target**	Performance Assessment	Direction of Travel
13	% of people supported with learning disabilities in settled accommodation	73%	75%*	Off Track	▼
14	% of people supported with mental health needs in settled accommodation	20.3%	74.1%*	Off Track	▼
15	Proportion of known carers assessed/reviewed in the year	2.8%	33%*	Off Track	▼
16	The proportion of carers who report that they have been included or consulted in discussion about the person they care for	72.6%	73%*	On Track	►
17	Unit cost of home care	£12.94	£13.20*	On Track	▲
18	Unit cost of residential care	£828	£823*	Off Track	▼
19	Unit cost of nursing home care	£676.23	681*	On Track	▲
20	Rate of delayed transfers of care	0	13.1*	On Track	▲

Barbara Moorhouse			Strategic Finance & Procurement		
1	Variance from Capital budget.	0	Agreed slippage	On Track	►
2	Variance from Revenue budget.	-£300,000	0	On Track	▼
3	Percentage of users satisfied with IT Service Desk.	75.9%	75%	On Track	N/A
4	Number of Priority 1 incidents raised across entire IT environment.	7.67	20	On Track	N/A
5	Number of disputes requiring financial settlement.	0	1	On Track	▲
6	Number of Information Commissioner's Office (ICO) interventions.	0	90%	On Track	▲
7	Forecast Reserve position at yearend.	22m	22m	On Track	►
8	Planned savings achieved.	8.5m	22.8m	On Track	▲
9	Variance between forecasts and outturn position.	-5.8m	0	On Track	▼
10	Overall debt position.	75.8m	73.2m*	Off Track	▼

Description		Quarter 1 Position	2012/13 Target**	Performance Assessment	Direction of Travel
11	Amount of sundry debt over 31 days old outstanding.	53%	U/A	N/A	N/A
12	Percentage of Council Tax collected.	47.50%	96.20%	On Track	▲
13	Percentage of NNDR collected.	43.80%	98%	On Track	▲
14	Time taken to process new benefit claims.	22 days	16 days	Off Track	▶
15	Corporate Invoice for Purchasing Cards processed and paid within 14 days of receipt.	Achieved	Achieved	On Track	▲
16	All eligible Purchase Requisitions processed within 24 hours of receipt.	95%	90%	On Track	▲
17	Percentage of "general" fraud investigations "closed" within 6 months.	73%	85%	Off Track	N/A
18	Number of non-housing/parking investigations closed with a "positive" outcome.	90%	U/A	On Track	N/A
19	Number of Housing Benefit /Council Tax Benefit fraud prosecutions.	3	18	Off Track	N/A
20	Number of Housing Benefit /Council Tax fraud sanctions.	12	74	Off Track	N/A
21	Total number of stage 3 complaints received.	40	140	On Track	N/A
22	Journal transfers processed within 48 working hours.	100%	95%	On Track	▲
23	Financial queries and information requests dealt with in 48 working hours.	98%	95%	On Track	▲

Ben Denton			Housing Services		
1	800 Homeless acceptances.	158	800	On Track	▼
2	Total number of homelessness applications received by the Council.	320	1445*	On Track	▲
3	H/holds prevented or relieved from becoming homeless through active homelessness casework or discharged into private sector.	174	20 per month	On Track	▲
4	TA occupancy rate at 97% to deliver budget forecast.	98%	97%	On Track	▶
5	Number of households in temporary accommodation.	1,964	2,450	On Track	▼

6	Number of people sleeping rough on a single night in Westminster.	83	<100	On Track	►
7	Percentage of entrenched rough sleeper's suitability accommodated.	70%	50%	On Track	▲
8	Time taken to resolve the needs of persons needing major adaptations in the private sector.	24 weeks	25 weeks	On Track	▼
9	Number of homelessness clients accessing training, volunteering or employment opportunities through the HELP Scheme	21	60	On Track	▼
10	Percentage of Decent Homes within council stock.	100%	100%	On Track	►
11	Additional properties achieving CityWest Standard.	380	850	On Track	▲
12	Tenant Satisfaction with services provided by landlord 77% (Stretch 80%).	86%	77%	On Track	►
13	Lessee Satisfaction with services provided by landlord 54% (Stretch 57%).	62%	54%	On Track	►
14	Percentage of customers who perceive the service from HOS good or excellent.	92%	90%	On Track	►
15	Undertake 4,000 tenancy checks to identify instances of illegal subletting and other forms of social housing fraud.	774	4,000	On Track	▲
16	Investment Portfolio – achieve capital receipts target	£22m received by 4 July	£133m	On Track	►
17	Investment Portfolio – achieve rent income target	Most recent forecast was £24.6m	£24.6m	On Track	►
18	Investment Portfolio – reduce arrears to less than 5% of one-year-old debt	£6.7m	15%	On Track	►
19	Compliance – achieve minimum of 95% completion of all compliance audits on or before agreed dates	98%	95%	On Track	►
20	Compliance – achieve minimum of 95% completion of all compliance actions on or before agreed dates	98%	95%	On Track	►
21	Space Utilisation – achieve average workspace standards of 10m <sup>2</sup> or below	7.5m <sup>2</sup>	10m <sup>2</sup>	On Track	▲
22	Space Utilisation – achieve desk ratio of 7:10	10:10	07:10	Off Track	►

Leith Penny			City Management		
1	Delivery of 2012/13 budgets and savings targets.	0 variance	0 variance	On Track	▲

2	Provide Handyperson scheme to vulnerable people.	£15K fee income to date  26 weeks practical completion achieved  194 Handyperson interventions	400	Off Track	▲
3	Set up and maintain up to eight Primary Authority Agreements.	0	8	Off Track	▲
4	Improve market occupancy.	Berwick 86%, Strutton Ground 83%, Rupert Street 23%, Tachbrook Street 19%, Church Street (Mon-Fri)59%, (Sat) 98%	55%	On Track	▶
5	Improved street and environmental cleanliness (Litter).	2.7%	3%	On Track	▶
6	Improved street and environmental cleanliness (Detritus).	2.3%	3%	On Track	▶
7	Improved street and environmental cleanliness (Graffiti).	6.0%	5%	On Track	▶
8	Improved street and environmental cleanliness (Flyposting).	1.0%	1%	On Track	▶
9	To increase the number of prestigious Green Flag Awards for our open spaces.	24	24	On Track	▲

Mike More		Human Resources, Communications and Strategy			
1	Average number of sickness absence days per employee	1.19	6.00 days	On Track	▲
2	Staff turnover as a proportion of workforce	All leavers 2.94%, excl redundancies 2.24%	15.00%	On Track	▲



3	Number of Full-time equivalent (FTE) Posts	2636.04	2428.46	On Track	▲
4	Number of staff in Post (FTE)	1954.44	1996.19	On Track	▲
5	Time taken to hire employees	81	65	On Track	▼
6	Number of Agency Staff	291	250	Off Track	▼
7	Cost of Agency Staff	£2.4m	£7m	Off Track	▼
8	Percentage of residents satisfied that the Council keeps them informed.	69%	67%	On Track	▲
9	Percentage of residents who say the Council offers good value for money.	57%	57%	On Track	►
10	Percentage of those who say the Council does enough for people like me.	49%	54%	Off Track	▼
11	Percentage of motorists who say they understand the parking rules.	76%	69%	On Track	▲
12	Percentage of those with a disability satisfied with services for those with a disability.	29%	42%	Off Track	▼
13	Council informed rating about overall services and benefits.	69%	67%	Off Track	▲
14	Number of formal meetings clerked compared to previous year	66	200	On Track	►
15	Number of Cabinet Member Reports processed compared to previous year	75	239	On Track	▲
<b>Rosemarie MacQueen</b>			<b>Built Environment</b>		
1	Application handling times Major Applications	63%	60%	On Track	▼
2	Application handling times Minor Applications	61%	65%	Off Track	▼
3	Application handling times Other Applications	68%	80%	Off Track	▲
4	All applications determined within 8 weeks	68%	75%	Off Track	▼
5	Number of planning applications received	3,183	U/A	On Track	▲
6	Number of planning applications determined	2409	U/A	On Track	▲