A Strategy to Manage Growing Demand

2015-18

Whole life cost tracking and cost avoidance
Devolved power and £ to communities Protect vulnerable adults
True innovation and being bold
Social enterprises   Invest to save
Innovative use of technology and social media
Improved comms and PR
Maximising Havering's unique demographic and socio-economic profile   Helping the community to help themselves
Pump-priming communities Use of Volunteers Demand Management
Early help A thriving and robust voluntary and community sector
Focus on tackling the causes of demand Strengthening communities New behaviours
Avoid 'the system' irrespective of how good our services are Community resilience
Outstanding first contact and sign-posting services
Prevention   Community-Interest Companies Sharing or releasing assets to the community
Outcomes-based assessments and commissioning Asset-based community development
Early interventions
Rewarding and investing in best practice in the voluntary sector
Better partnership working

V0.10

Document Control

Document details

Name	A Strategy to Manage Growing Demand
Version number	V0.10
Status	Draft
Authors	Danny Graham, Interim Programme Manager Mark Leech, Head of Communications
Lead officers	Phillipa Brent-Isherwood, Head of Policy and Performance Communities and Resources (Co-Sponsor) Susan Milner, Director of Public Health, Children, Adults and Housing (Co-Sponsor)
Approved by	Corporate Management Team (CMT)
Review date	September 2016
Supersedes	N/A
Target audience	All staff, Councillors and key partners / stakeholders
Related to	Corporate Plan, Service Plans, Business Intelligence Strategy, Voluntary Sector Strategy, Health and Wellbeing Strategy, Looked After Children Strategy, Child Poverty Strategy, Market Position Statement, (draft) Communication Strategy 2015-18, and Customer Service Strategy.

Version history

Version	Status	Date	Dissemination/Change
V0.5	Directorate Strategy for Children, Adults and Housing	Dec-14	Children, Adults and Housing
V0.6	1st draft corporate Strategy	13/04/15	Corporate Brain Steering Group
V0.7	2nd draft corporate Strategy	15/05/15	Corporate Brain Steering Group
V0.8	3rd draft corporate Strategy	03/07/15	CMT
V0.9	4th draft corporate Strategy	31/07/15	CMT
V0.10	Final draft ready for Cabinet	18/08/15	CMT

Approval history

Version	Status	Date	Approved by
V0.10	Final draft corporate Strategy	18/08/15	CMT
V0.10	Final draft corporate Strategy	04/11/15	Cabinet

Equality Impact Assessment record

Date	Completed by	Review date
31/07/15	Corporate Policy and Diversity team	July 2016

Contents

Foreword

Introduction

Policy context

Demand management

- Is demand rising?
- Benefits
- Key triggers of demand
- What is 'demand management'?
- The Nail Model
- Why is demand management so difficult?
- Our objectives
- Key priorities
- Changing our model of delivery to address our priorities

Related documents

Consultation

Authorisation and communication

Implementation and monitoring

Evaluation and review

Appendices

A – Types of demand
B – Case studies and best practice
C – Change management diagram
D – Implementation plan
E – Strategic fit
F – Equality Impact Assessment (including key demographic data)

Foreword

Local Government is facing a stark challenge. Projected funding gaps across the sector are forcing councils to reconsider how and what services it provides as well as the level of local tax increases required. The gap they are striving to bridge is not being created by funding cuts alone. In fact, the headline-grabbing austerity measures account for about half of the projected funding gap over the next five years. In 2013, the Local Government Association (LGA) predicted a £14.4 billion funding gap for local government by 2020 – half due to austerity, and half the result of the increasing costs of delivering services as demand continues to increase. Councils face a reduction of their available budget of between a quarter and a third over the next four years and with demand rising as well, reducing the cost of service provision is essential.

The increasing costs associated with service provision have many causes including population growth and an ageing society. This is a particular cause for concern in social care, which accounts for approximately half of Havering Council's spend, as demand for care of the elderly will rise with a rising older population and the numbers of vulnerable children living in Havering also continue to rise. Rising demand is due to rising expectations too. Not only in social care but in other areas too, there are increasing demands on limited resources – from fixing potholes and collecting more rubbish, to providing responsive customer services to a growing and changing population.

Given this 'perfect storm' of reduced funding and increasing demand, Havering Council is faced with four scenarios:

1. Reducing or closing services;
2. Providing only statutory minimum services;
3. Over-spending which cannot be sustained without eventual bankruptcy; or
4. Dramatically transforming our operating models and tackling the underlying triggers of demand.

No council can meet all of its budgetary constraints through cuts to services alone – that would lead to widespread discontentment with local public services and real risks to the public. Instead, local government must fully understand the demands on its services – who is making the demand, why they are doing so, when is it happening and how they are making contact. Informed by this insight, councils such as Havering will be better placed to manage demand effectively – either to ensure that the customer contact is manageable, or to reduce or nullify the demand altogether – saving money and improving the quality of life in the Borough at the same time. This will require a shift in culture and behaviours for residents, politicians, staff and our partners.

We are committed to radically redesigning our operating models to ensure we deliver value for money, as well as high quality, outcomes-focussed, innovative and sustainable services. Where we can, we will target our resources at tackling the major triggers of demand, we will prioritise early help, intervention and prevention, and we will ensure that we continue to protect and support those vulnerable people who absolutely need our statutory services. This Strategy sets out how we will achieve this.

Cheryl Coppell   Councillor Roger Ramsey
Chief Executive   Leader of the Council

Introduction

1. Purpose of the Strategy

This Strategy focuses on identifying, prioritising and tackling the major causes and triggers of demand for our services. As resources shrink we have to target those available to address and reduce demand. Moreover, this Strategy supports Havering Council's vision of a Borough that is safe, clean and where residents are proud to live by ensuring that the community at large is engaged in its implementation.

The Strategy covers collaborative and partnership working, strengthening our communities, root cause analysis, invest-to-save initiatives, tracking whole-life costs, and cost avoidance savings.

It provides a simple model to describe the elements that make up the major demand for services in Havering – and sets out broad themes to explore in order to reduce demand. A comprehensive list of the different types of demand can be seen in Appendix A.

It also supports the outcomes of the Voluntary Sector Strategy including that "communities will be resilient and self-supporting, reducing demand on public services and improving the quality of life of local people".

Policy context

2. National policy context

Behavioural insight – commonly referred to as 'Nudge Theory' has become an accepted part of Government policy and communications activity, and is a growing part of Havering Council's approach to managing demand in a more sustainable way – from discouraging littering to encouraging on-line interactions with our services.

The Localism Act encouraged the devolution of service delivery, the community ownership of assets, and exploration into new ways of delivering public services through alternative delivery models such as social enterprises, mutuals, and community interest companies.

In social care, successive governments have encouraged councils and their NHS partners to work collaboratively to ensure that people are presented with real choice and control. The aim is to ensure that services are personalised, and that people are supported to live in the community to help achieve their outcomes. The Care Act and the Children and Families Act represent the biggest changes in social care legislation for over 50 years, and this Strategy is key in ensuring that Havering is well placed to implement these changes.

The transfer of some preventative health services to Havering Council (such as Public Health and Health Visitors) provides the opportunity to learn from their good practice, as much of their activity focusses on cost avoidance and invest-to-save financial models.

The current Government is increasingly focused on tackling root causes of demand for public services. For instance, in June 2015 the Prime Minister said that the Government is "committed to doing more work to eliminate child poverty and that is precisely why the

Government wants to look at having an approach that is focused more on tackling the root causes than treating the symptoms."

Demand management

3. Is demand rising?

In short, yes, and at alarming and unprecedented rates for Havering. Current data shows a number of key challenges arising from demographic changes, which directly impact on demand for, and the cost of, services. Some of the key data is shown below and further examples can be seen in Appendix F.

- Havering has the highest proportion of older people (19%) in London;
- Havering has the biggest net inflow of children in London;
- GP registrations continue to rise each quarter with 3,064 additional registrations in Q2 of 2014/15;
- The population of Havering has increased year on year from 2012 and according to GLA (Greater London Authority) projections, is projected to increase from 247,159 in 2015 to 276,671 in 2025 – a 10.5% increase; and
- Recent welfare reforms have meant that people on low incomes and / or those claiming housing benefit have moved out of central London. For instance, Havering is the fifth highest net importer of people receiving Local Housing Allowance (which is used to calculate Housing Benefit for tenants renting from private landlords) across London between February 2013 and February 2014.

(Sources: See Appendix F)

Given that Havering has one of the lowest central government funding allocations across London, these demographic challenges mean that our historical operating models are over-stretched and are no longer affordable. We simply cannot continue to provide the same traditional service models when faced with increasing demand and austerity.

4. Benefits

The majority of savings attributed to demand management initiatives will arise from cost avoidance, i.e. preventing an increased spend that would otherwise result from more people entering 'the system' and using our services, or from a reduction in demand for reactive services such as street cleaning for example if littering was reduced. We will aim to minimise any increases in spend, and where possible, reduce demand for services below the current levels to deliver cashable savings.

As described above, about half of Havering Council's spend is on social care services. For instance, we spend £17m on providing residential care to approximately 700 older people, whilst the entire spend on universal services across the rest of the Council is £31m.

It is clear that traditional approaches to making savings will not be sufficient to deal with the size of the financial challenge ahead for Havering and our partners. As resources shrink we have to target those available to tackle and reduce the key triggers of demand.

There are also a number of non-financial benefits to adopting an approach to future service delivery that seeks to limit or reduce overall demand. These include:

- An opportunity to understand and tackle the major underlying causes of demand for our services, and set out clearly what services we can and cannot offer;
- An opportunity to strengthen and empower communities – by co-producing with the public and the voluntary and community sectors, and developing a coherent, and genuinely shared vision and strategy for local public services;
- An opportunity to prioritise and front-load preventative spend to meet a host of community and personal needs before they develop to a point where they severely impact on quality of life. Thus, to resolve problems when they arise, essentially leading to better outcomes and quality of life for residents;
- An opportunity to encourage positive changes to the culture and behaviours of residents, politicians, staff and our partners;
- An opportunity to drive improved performance through a clear articulation of 'what good looks like' and open up new funding streams to support the use of demand management techniques;
- Exciting opportunities to maximise potential arising from the transfer of Public Health, Health Visitors and School Nurses from the NHS to the Council;
- An opportunity to tackle silo and traditional working practices, and develop the skills of the workforce; and
- An opportunity to increase personalised services and improve performance in this area (Havering Council performs poorly against its Self-Directed Support targets which are nationally set).

Fig.1 below illustrates the likely shift in spending patterns that will result from implementing this Strategy (NB. EHI&P stands for Early Help, Intervention and Prevention).
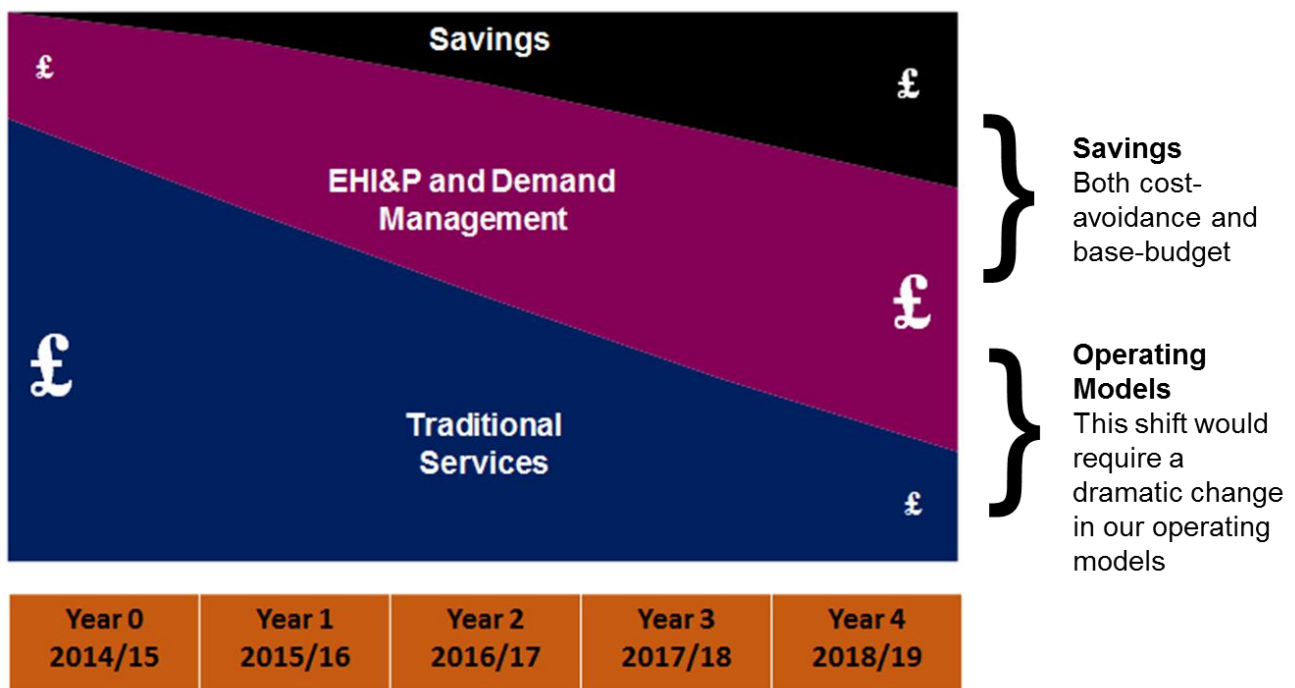

Fig.1 Shift in spending pattern (Source: Children, Adults and Housing Directorate)

Demand management initiatives can also be effective for those who have already entered 'the system'. We do not design against need at the moment, so there is a cohort of people for whom we may be over-providing or mis-providing. By adopting demand management approaches we can apply them to people who currently cost the Council more money than they should; thereby delivering cashable savings, not just cost avoidance savings.

5. Key triggers of demand

An extensive mapping exercise across the Children, Adults and Housing Directorate has been undertaken to understand the underlying triggers of demand for their services. A similar exercise is currently being undertaken across the rest of Havering Council and the list of key triggers will be refreshed. The main underlying causes / triggers of demand identified so far are:

1. Isolation / loneliness
2. Hospital admission / discharge
3. Dementia
4. Falls
5. Nanny state
6. The 'toxic trio' (mental illness, substance misuse and domestic violence)
7. Customer expectations
8. Behaviour of residents / businesses around waste and littering
9. Resident engagement

The approach being used takes into account expenditure, demand over the past year or so, and the cross-cutting impact across multiple service areas.

6. What is 'demand management'?

Demand management is a commonly used term but there is rarely a consistent understanding of what it actually is and what it means in reality.

In Havering, we know that – all things being equal – demand for services will rise in the future, and at a greater rate than in previous years. This is, in part, due to Havering's ageing population, the changing demographic profile of the Borough, and the fact that Havering is the biggest net importer of children and families in London. It is also about the behaviours and choices that our residents make.

Demand management in this context is about reducing and / or slowing down this rise in demand to levels that are manageable within the resources we have available.

Where demand management initiatives are most effective, it is possible to reduce demand below the current levels. Therefore over-achieving on cost avoidance savings could lead to base-budget (cashable) savings within our front-line services, as we would be providing direct (expensive and long-term) services to fewer people.

This requires true innovation, culture change and a shift in spending towards early help, intervention and prevention. Strengthening and building community resources is key.

It is important to have clear service levels and standards that staff and politicians both understand and comply with. Failure to do so will lead to inconsistencies, inefficiency and mixed messages for our residents.

Demand growth and its mitigation are complicated concepts and a huge, multi-faceted challenge for staff and politicians to address. The first stage is to understand the concepts and to have a common language to base discussions upon. To that end, the Council's Corporate Leadership Team (CLT) have developed a simple four-tiered model to explain both the main causes of demand and the potential mitigations to be explored.

Fig 2 below, The 'Nail Model' sets out how differing factors might constitute the overall weight of demand on Havering Council, and how they might be addressed. It depicts how the greatest constituents of demand sit furthest away from the Council and are therefore harder to control, while the immediate challenges of managing customer demand once it reaches our doorstep are easier to influence, but more limited in overall impact.
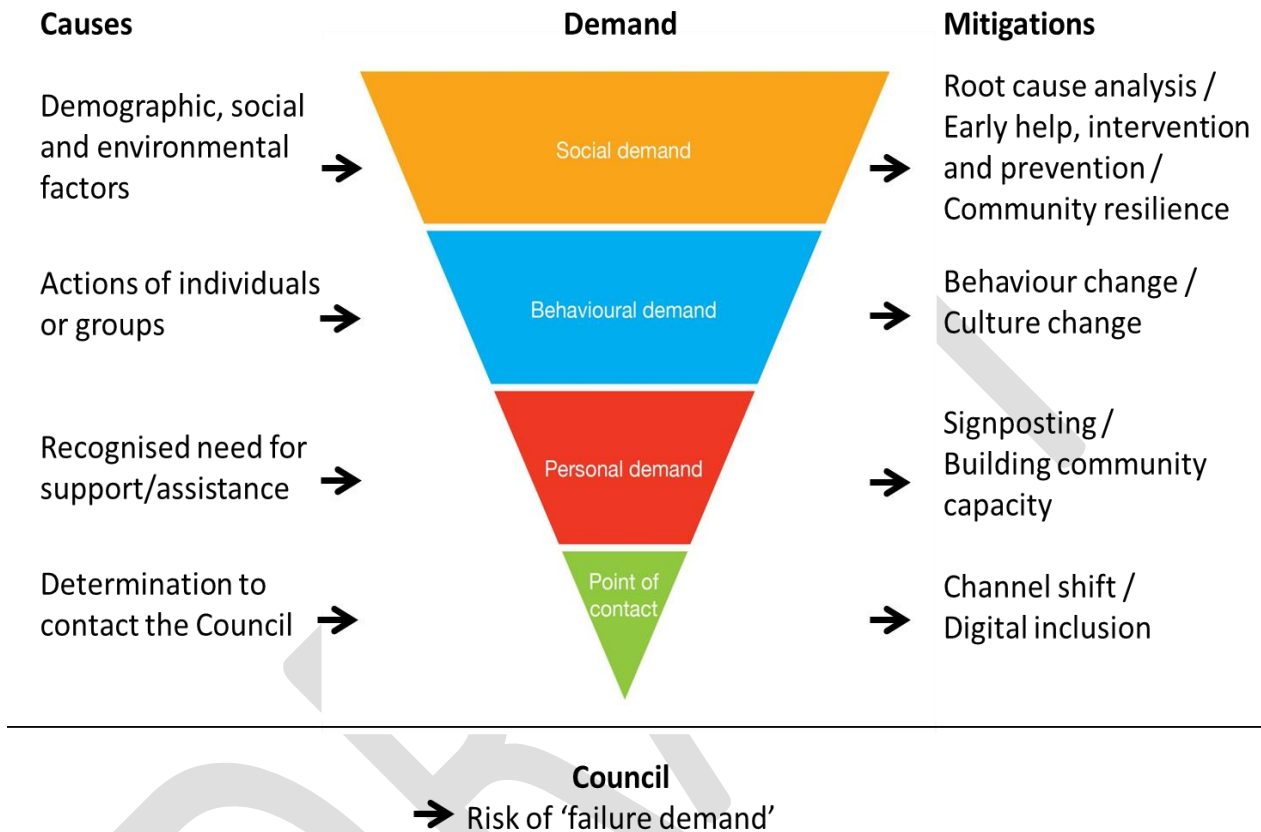
7. The Nail Model

Causes	Demand	Mitigations
Demographic, social and environmental factors	Social demand	Root cause analysis / Early help, intervention and prevention / Community resilience
Actions of individuals or groups	Behavioural demand	Behaviour change / Culture change
Recognised need for support/assistance	Personal demand	Signposting / Building community capacity
Determination to contact the Council	Point of contact	Channel shift / Digital inclusion

Council
→ Risk of 'failure demand'

Fig.2 The Nail Model (Source: Corporate Brain Steering Group)

The four main elements of demand are described as follows:

D1   Social Demand – made up of a host of complicated demographic, social and environmental factors, some of which are outside of the Council's control, but others that might be mitigated through early help, intervention and prevention, based on analysis of the root causes of common problems.

D2   Behavioural Demand – resulting from the actions of individuals, such as littering, or not paying bills on time, which can be mitigated with effective behavioural change campaigns.

D3   Personal Demand – where individuals and groups have identified a need for support, but have not yet decided that the Council could or should provide the answer, providing an opportunity to signpost potential customers to other providers of support in the community, so long as they exist. This approach needs therefore to link to an orchestrated capacity-building effort in the community.

D4   Point of Contact Demand – where customers are actively contacting the Council for support, and where we are able to employ 'channel shift' techniques to manage the

demand in more cost-effective ways, while still providing a satisfactory response.

As mentioned previously, other types of demand can be seen in Appendix A.

This Strategy aims to shift focus onto the causes rather than the symptoms of problems. Significant cost avoidance savings can be achieved through effective intelligence-led early help, intervention, and prevention services. These services should promote behaviours that reduce demand for services, and should include facilitating external providers (including voluntary sector organisations) to help them support people in the community, and thus encouraging the use of less costly channels of engagement with the Council.

8. Why is demand management so difficult?

There are multiple ways to save money but traditionally councils have tended to focus on only a handful. These are normally supply side, low risk, and involve visible base-budget reduction. The 'unintentional consequences' of such savings on demand or other services are rarely considered or anticipated.

Effective demand management is complex, the initiatives are often innovative and bold, and may require a 'leap of faith' and the acceptance of calculated risks. To maximise the impact of demand management initiatives a marked shift in culture and behaviours is required (from staff, residents and politicians).

The return on investment for some demand management initiatives can take time or can never be truly tracked (which often makes those holding the purse strings very nervous), but are almost always 'the right thing to do'. However, others are less subjective and can yield short-term, measurable benefits. The key is to balance the right blend of initiatives that can drive change over time, whilst providing 'quick wins', credibility and momentum.

Information on the first tranche of demand management initiatives that will help deliver this Strategy can be found in the accompanying implementation plan (Appendix D).

9. Our objectives

Havering Council's Corporate Plan states that we will use our influence to encourage people to do the right things, for example keeping Havering tidy, being good neighbours, leading healthy lives, and encouraging residents to play an active part in their communities through volunteering.

Our strategic objectives for this Strategy are to:

SO1 Identify and quantify the key triggers of demand in Havering;
SO2 Develop and apply the organisation's understanding of demand management techniques;
SO3 Generate savings options for future budget decisions by initiating a series of demand management initiatives pilots; and
SO4 Build and strengthen community resilience to help mitigate against increasing demographic demand for services. Wherever possible, demand will be managed by the most cost-effective service provision, ensuring that the voluntary sector and our community are best placed to deliver services in the most cost-effective ways.

Our implementation plan will focus on addressing these four strategic objectives.

10. Key priorities

The mapping exercise to understand the underlying triggers of demand for services has so far identified a number of priorities. These are to:

KP1   Develop and build strong communities and community assets;
KP2   Tackle poverty and the root causes associated with poverty;
KP3   Prevent or minimise family and relationship breakdown;
KP4   Reduce social isolation and loneliness;
KP5   Improve educational attainment across all ages;
KP6   Improve health and wellbeing;
KP7   Provide effective and sustainable housing options;
KP8   Increase employment opportunities, especially for young people; and
KP9   Improve information to influence resident choices and understanding of the cost drivers for local tax rates.

11. Changing our model of delivery to address these priorities

Our current operating models are predominately set up to provide services that treat symptoms, rather than addressing root cause (the underlying triggers of demand). This traditional approach must be reversed if we are to successfully implement this Strategy.

Resources, budgets and efforts will need to be aligned to those priorities identified above. We will utilise lessons learnt from national and international best practice (see Appendix B), as well as from some of our own initiatives such as the Troubled Families Programme to inform our approach and model.

An emphasis will be placed on strengthening communities and the voluntary sector to improve the outcomes and wellbeing of residents within Havering. However, we are conscious that 'one size doesn't fit all' as what works in one community may not work so effectively in another. Robust local intelligence is critical, as there are different issues presenting in different parts of the Borough.

Our approach will give opportunities for communities and the voluntary sector to provide innovative support to residents. Given our demographic profile, Havering still has significant untapped social capital, and we will need to ensure that any community development activities are sustainable. Key to the success of this is whether we are able to stimulate and influence voluntary and community groups to help enable people and communities to look after themselves and each other wherever possible.

Demand management initiatives are most effective if partner agencies collaborate to achieve success. We are committed to working in partnership with other agencies to help tackle demand, and we will engage with our partners in designing collective interventions in areas involving complex social problems.

A simple example would be our digital inclusion pilot which has multiple benefits to Havering Council. However, if undertaken in partnership, residents who are socially isolated can suddenly access bespoke information about local community activities, events

and services, as well as tele-healthcare services and even GP and other NHS appointments that can be initiated on-line. Thus, saving both time and money.

We will also work to ensure that residents see more clearly the connection between their actions and the cost of Council services particularly in areas such as waste and littering. We will also improve communications and information to be clearer about what customers can expect in order to reduce unnecessary customer contacts, enabling customers to 'help themselves' more easily.

Appendix C is an example of how the Children, Adults and Housing Directorate have been considering the types of changes that will be needed in order to effectively implement this Strategy in that Directorate. It includes some proposed 'must do's', key features and examples to help illustrate the scale of change that is likely needed.

Related documents

This Strategy is reliant upon, and instrumental to, a number of other initiatives across the Council and our partners. Further details on the 'strategic fit' can be seen in Appendix E.

Consultation

The aim is for this Strategy to be adopted across multiple local partners. Once approved by Cabinet, all of the Council's key stakeholders will be consulted with. Importantly, the implementation plan will need to evolve and be reflective of the priorities of each partner that signs up to the Strategy.

Authorisation and communication

Authorisation will be through CMT and Cabinet initially, then relevant partnership governance arrangements depending on the outcome of the consultation section above. Havering Council is currently refreshing its Communications Strategy, and it is being developed with this Strategy in mind. This Strategy will be communicated with staff, residents and partners using the best practice approaches outlined in the Communications Strategy. These will include a campaign-based model for communications, and a better understanding and use of established community networks as a conduit for information and a basis for engagement.

Implementation and monitoring

The implementation plan is predominately focussed on key actions that are essential in the first year, such as the 'Big Idea' campaign and other pilots that will help provide evidence and key lessons learnt that will inform the full implementation of the Strategy. All of the proposed pilots, prototypes and initiatives will be tested, and only those that are likely to add significant value will be developed into full business cases and projects.

The actions within the implementation plan will be monitored by CLT and CMT.

Evaluation and review

This Strategy is to run for a period of three years with a review taking place every year to check progress, as well as ensuring that it is still aligned to the strategic direction of the Council and our partners.

Appendices

A – Types of demand

B – Case studies and best practice

C – Change management diagram

D – Implementation plan

E – Strategic fit

F – Equality Impact Assessment (including key demographic data)