House of Commons

Committee of Public Accounts

Programmes to help families facing multiple challenges

Fifty-first Report of Session 2013–14

Report, together with formal minutes, oral and written evidence

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Committee of Public Accounts

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Report

Summary

We welcome the commitment shown by everyone involved in the two programmes aimed at helping families facing multiple challenges. The close involvement of central and local agencies demonstrates that a joined-up approach is critical for effective planning and delivery, and for securing intended outcomes. However the existence of two similar, but separate, programmes run by the Department for Communities and Local Government (DCLG) and the Department for Work and Pensions (DWP) has resulted in confusion and unnecessary duplication. Both departments have tried to improve performance but they still have to resolve data-sharing difficulties, reduce variations in performance, and increase the programmes' pace of progress. These actions are essential not only to turn around the lives of the troubled families involved, but also to deliver savings and demonstrate value for money.

Conclusions and recommendations

1. In 2006, the Government estimated that there were 120,000 families in England facing multiple challenges, such as unemployment and poor housing. It subsequently included other challenges, such as crime and antisocial behaviour. The estimated cost to the taxpayer of providing services to support these families is £9 billion a year, of which £8 billion is spent reacting to issues and £1 billion in trying to tackle them. In 2012, DCLG and DWP each introduced separate programmes to help these families. DCLG's *Troubled Families* programme, with a central government budget of £448 million, aims to 'turn around' all 120,000 families by May 2015. DWP's *Families with Multiple Problems* programme, with a budget of £200 million, seeks to move 22% of those joining the programme into employment by March 2015. Both programmes look to support families rather than individuals and to join up the activities of local service providers, who receive payment-by-results. DCLG pays local authorities up to £4,000 for each family that they have "turned around". The judgement is based on ensuring children attend school, reducing youth crime and antisocial behaviour, and supporting adults into continuous employment. DWP pays contractors for tackling the barriers that clients face to finding employment, such as reducing antisocial behaviour and domestic violence, and for clients obtaining a steady job.

2. **The good practice evident in DCLG's *Troubled Families* programme, demonstrates how central and local government agencies can work together effectively.** We welcome the commitment shown by all those involved in the DCLG's programme to achieve lasting improvement in the lives of 120,000 troubled families by May 2015. The target set requires each of the 152 local authorities in England to identify and then "turn around" families that meet the definition of a troubled family. Each local authority has signed up to achieving real change for a sufficient number of troubled families for DCLG to meet the overall target of 120,000 families. Local authorities are taking action to bring services together, for example, by combining databases maintained by different agencies to help identify families. In addition, the programme has helped to galvanise a range of local services around families and to provide a single person to support families' needs, and navigate their way around all the relevant services rather than the families having to deal with each agency individually. We also commend Louise Casey CB, Director General of the DCLG's *Troubled Families* programme, for her leadership of, and commitment to, the programme.

   Recommendation: ***DCLG should identify good practice on how central and local agencies work together on its Troubled Families programme to secure a joined-up approach to local delivery. It should share this widely across the public sector, particularly in areas such as the health and social care sectors, where effective delivery at a local level relies on the coordination of multiple agencies.***

3. **The two programmes to help troubled families were designed and implemented separately, resulting in confusion and a lack of integration, and contributing to lower than expected performance during the early stages.** There was no clear rationale for the simultaneous introduction of two separate programmes, which focused on addressing similar issues of crime, antisocial behaviour and employment amongst a section of the population with similar characteristics. Both departments introduced their programmes quickly, taking no longer than seven months to move from design to implementation. And both had innovative elements, such as payments for specified outcomes and for making progress towards employment. However, the integration of the programmes at the design phase was poor, leading to confusion, and contributing to the low number of referrals to the DWP's programme. Both departments have taken steps to improve how their programmes work together. Specifically, 150 advisers from Jobcentre Plus have been seconded to 94 local authorities to provide practical support to local authorities, to help move family members closer to the labour market. Performance is now improving as a result.

   Recommendation: ***The Government should learn lessons from the approach taken in this case to ensure that there is integrated policy making and implementation within, and across departments. The Government should agree a clear plan for delivery of the next phase of DCLG's Troubled Families programme, from 2015.***

4. **The departments will not meet their targets without increasing the rate at which they have been succeeding in their work with troubled families.** When the Comptroller and Auditor General reported in December 2013, both programmes were around half-way through their life. DCLG's programme had succeeded with 22,000 families in the 19- month period to October 2013, leaving a further 98,000 families to be "turned around" by May 2015. DWP's programme had achieved only 720 sustained employment outcomes by September 2013, around 4% of the programme's expected performance. To meet their targets, the departments are reliant on individual local authorities and private providers delivering the necessary outcomes. But there are considerable variations in performance between local authorities and between providers, which put achieving the programmes' objectives at risk.

   Recommendation: ***The departments must ensure that performance in each local authority, and by each contractor, is scrutinised to properly manage the contracts giving appropriate support where appropriate, but also imposing sanctions where necessary.***

5. **Efficient and effective data sharing is required for the programmes to be delivered successfully.** Government departments, local authorities and providers have experienced difficulties in sharing data, which have affected the programmes' performance. We welcome the progress that the departments have made in tackling hurdles to sharing data. For example, DWP can now send its data on benefit recipients to DCLG to match names to its *Troubled Families* programme, and it has sent supporting guidance to local authorities to provide practical support. Data sharing is critical to identifying the families most in need of the support available within the two programmes, including data on their location and the issues they face.

While local authorities are looking to share data, variations in local practice persist, and other organisations, such as those in the health sector, may be less willing or able to share information. The bodies concerned need to overcome the cultural, statutory and regulatory hurdles which cause data to be withheld unnecessarily.

Recommendation: ***The departments should develop and disseminate clear guidance to local authorities. This should set out the data that local authorities can legally share and what practical steps they can take to overcome cultural barriers to sharing data among local agencies involved in delivery, alongside helping local authorities to meet their remaining legal responsibilities for data protection and confidentiality.***

6. **The departments need to demonstrate that the programmes deliver value for money.** The departments' programmes were predicated on securing financial as well as social benefits. For example, DCLG estimated that its programme would deliver a saving of £2.7 billion, if successfully implemented. DWP estimated that its programme could generate £2 in fiscal and social benefits for every £1 spent. Both departments have published details of progress, in terms of the numbers of families turned around and individuals that have moved towards employment. However, neither has monitored or assessed the financial savings and wider benefits that their programmes have delivered to date, such as the extent to which local authorities have restructured their services. Demonstrating value for money is essential for Parliament, the public and those involved in running the programmes locally, to have confidence in these and any future programmes of this nature. We therefore welcome DCLG's development of a methodology to calculate the costs and benefits of its programme, which it needs to finalise and make available to local authorities as a matter of urgency. Reporting on the financial and non-financial benefits of the programmes will improve not only the transparency of the programmes' performance, but will help support the case for future investment in this area.

Recommendation: ***Both departments should publish, alongside details of the programmes' progress against their respective targets, details of the wider benefits and financial savings that they have identified. They should make clear what proportion of any financial savings are cash savings.***

1 The programmes' design and implementation

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Communities and Local Government (DCLG) on its *Troubled Families* programme and the Department for Work and Pensions (DWP) on its *Families with Multiple Problems* programme.[1] Both programmes aim to help families facing multiple challenges. We also took evidence from the Head of Targeted Services, Children's Services, Leeds City Council; the Director of Children and Young People's Services, Liverpool City Council; and the Chief Executive of Family Action.

2. In 2006, the Government estimated that there were 120,000 families in England facing multiple challenges, such as unemployment and poor housing. It subsequently included other challenges, such as crime and antisocial behaviour. The estimated cost to the taxpayer of providing services to support these families is £9 billion a year, spent either reacting to issues faced by families (£8 billion) or in trying to tackle them (£1 billion). In 2012, DCLG introduced its *Troubled Families* programme with a budget of £448 million, and DWP introduced its *Families with Multiple Problems* programme with a budget of £200 million, to help the families concerned over a three year period.[2]

3. Each programme has a target against which its ultimate success can be measured. The DCLG's programme is intended to identify and then "turn around" 120,000 families in the period from April 2012 to May 2015. The DWP's programme seeks to move 22% of those joining the programme into employment, and move the others towards employment. Both programmes include elements of payment-by-results. DCLG pays local authorities up to £4,000 for each family whom they have successfully supported, based on getting children back into school, reducing youth crime and antisocial behaviour, and supporting adults into continuous employment. DWP pays private contractors for tackling the barriers that clients face to finding employment, such as reducing antisocial behaviour and domestic violence, and for clients obtaining a steady job.[3]

4. DCLG's target is ambitious, as it requires each of the 152 local authorities to transform the lives of an agreed number of families it has identified in its own area as meeting the definition of 'troubled'. Each local authority has shown a commitment to the programme's success and has signed-up to successfully working with a sufficient number of troubled families for DCLG to meet its overall target of 120,000 families. DCLG told us that it was confident that it would achieve its target. It attributed the programme's success to the fact that those in local government could see benefits for them, in terms of saving expenditure on, for example, children's services. The policy commands support across the political spectrum which makes it easier to ensure commitment across local government and other agencies.

1 Comptroller and Auditor General, *Programmes to help families facing multiple challenges*, HC 878, 3 December 2013

2 Qq 78, 89, 126; C&AG's Report, paras 1-2

3 C&AG's Report, para 2, Figures 2 and 3

5. The Head of the Home Civil Service told us that DCLG's *Troubled Families* programme was one of the most joined-up programmes across government, with six departments involved and partnership working locally. DCLG noted that the programme was about trying to get local areas to see how they could restructure services to avoid a position of numerous agencies "circling these families" and not achieving real change. Encouraging the different agencies involved to work together is fundamental to the programme's success.[4] For example, Leeds City Council told us that it had to work with over 100 different agencies.[5] And Liverpool City Council emphasised the need to reduce the number of agencies that dealt directly with each family.[6]

6. Both departments introduced their programmes quickly, taking no longer than seven months to move from design to implementation. The speed with which the departments introduced their programmes limited the opportunity to identify and mitigate risks to successful delivery. The departments should be credited for introducing some innovative features into their programmes, such as a single payment for multiple outcomes, and for moving a participant towards employment.[7]

7. There is no clear rationale for the existence of two separate programmes designed to help families facing multiple challenges. Whilst the programmes have different objectives, each funds improvement in, for example, truancy, antisocial behaviour and employability, meaning that effort was duplicated. The two programmes were designed without joint governance arrangements and had separate business cases. The absence of integration during the design phase led to confusion amongst those delivering the programmes and contributed to the low levels of performance for DWP's programme. For example, local authorities were initially uncertain about the remit of the two programmes, and therefore delayed referrals to the DWP's programme.[8]

8. We asked the departments why there were two separate programmes trying to do the same thing. DCLG told us that when it started working on its *Troubled Families* programme, DWP had already made progress, and was ahead with, the *Families with Multiple Problems* programme, which receives funding from the European Social Fund. A judgement had been taken to move quickly by proceeding with both programmes and ensure they were joined up. The departments pointed to the action they have taken action to align the programmes, noting the sharing of data in both directions and the seconding of 150 advisers from Jobcentre Plus to 94 local authorities. Jobcentre Plus advisers offer support such as highlighting training opportunities and improving job interview skills.[9] Leeds City Council told us that the Jobcentre Plus support was fundamental to local authorities helping support members of a family move towards employment.[10]

4 Qq 76, 90; C&AG's Report, para 5

5 Q 17

6 Q 39

7 Qq 98, 124; C&AG's Report, paras 2.14, 3.2

8 Qq 68, 90, 146; C&AG's Report, paras 2.14, 2.29, 2.31, 3.4

9 Qq 68, 70-72, 90; C&AG's Report, para 3.22

10 Q 28

2 Securing value for money from the programmes

9. Both the DCLG's *Troubled Families* programme and the DWP's *Families with Multiple Problems* programme have approximately one year to go before a final assessment of their value for money can be made.[11] Family Action told us that it had seen good progress with troubled families, with regards to improving school attendance and reducing antisocial behaviour, although there had been less progress in getting people into employment.[12] The most recent performance information, for the period April 2012 to October 2012, showed that the DCLG's programme had successfully supported 22,000 families, 3% ahead of its expectations. It therefore needed to succeed with a further 98,000 families to achieve the target it had set at the beginning of the programme. However, the National Audit Office found that attachments to the programme—the necessary first step to turning families around—for the period April 2012 to September 2013 were 13% behind the DCLG's expectations of performance. Local authorities will have to improve the rate at which they attach families to the programme, for DCLG to meet its target. The National Audit Office found that DCLG had intervened with local authorities where performance was below expectations. It had engaged with the 41 lowest performing local authorities, in terms of actual compared to agreed attachments, in the first year of the operation of its programme.[13]

10. The most recent performance information on the DWP's programme showed that in the 18-month period to September 2013, only 720 sustained job outcomes were recorded, around 4% of the 19,800 number that the National Audit Office calculated would be a reasonable estimate of satisfactory progress. The DWP admitted that it was not meeting its objective, agreed with the European Social Fund, of moving 22% of participants into employment. However, it explained that this rate had been based on data from before the recession, drawing on groups of people who were easier to help. The DWP also noted that data for participants receiving Jobseekers Allowance who had completed the programme showed that between 12% and 14% moved into employment.

11. The National Audit Office's analysis showed that performance varied considerably from local authority to local authority, and between providers, delivering the DWP's programme. For example, the best performing local authority achieved 270% of its first year target for attachments, and the lowest performing local authority achieved just 33%. A considerable number of local authorities (over 100) failed to achieve their target. None of the private providers on the DWP programme achieved their target number of attachments to the programme, and the percentage of the target that providers reached varied from 7% to 74%. DWP accepted that there was variation between the providers, which it had sought to address by working with them to generate more referrals to the

11 Qq 68, 159; C&AG's Report, paras 2 & 4

12 Q 50

13 Q 95; C&AG's Report, paras 3.11, 3.15

programme. It expected the number of referrals to increase, largely as a result of the staff it had seconded to local authorities.[14]

12. To help identify families to join the DCLG's programme, local authorities need to bring together information held on databases owned by a number of different agencies. Local authorities identified improved data collection and sharing as a benefit of the DCLG's programme. Both DCLG and DWP were aware of the issues and were keen to take action. However, despite some evidence of progress, variations in practice across local authorities persist and some organisations, such as those in the health sector and the police, may be less willing or less able to share information.[15]

13. The DCLG told us that some quite significant advances on data sharing had been made, but it considered that the barrier to data sharing was not often a legal one, but down to culture and practice. However, some issues genuinely required legal change. DWP noted the significance of two legal changes: the first allowed it to share data on benefit recipients with local authorities, which would help them to identify families that met the criteria for joining the DCLG's programme; and the second enabled local authorities to tell DWP who was on the *Troubled Families* programme. DWP had also made available to local authorities limited guidance explaining how data protection works, and the steps that could be taken to share data within those boundaries.[16]

14. The business case for each programme included an estimate of the financial savings successful interventions might deliver. In its original business case, DCLG estimated that its programme would save £2.9 billion, a figure it subsequently revised to £2.7 billion. DWP estimated that its programme would save £2 for every £1 spent.[17] DCLG told us that it was developing a methodology to help local authorities calculate the costs and benefits of supporting troubled families. DCLG noted that three local authorities had looked in detail at the costs and savings associated with the programme. Manchester City Council estimated that it had a net saving of £35,000 a year for each family. The equivalent figures for Leicestershire County Council and the London Borough of Wandsworth were £27,500 and £29,000 respectively. The departments agreed that a framework for testing value for money could helpfully differentiate between different types of costs—such as marginal and capital—and then between cashable and non-cashable savings.[18]

15. In addition to the financial benefits of their programmes, the departments have identified other benefits that would accrue from their successful implementation and that they needed to consider these within their assessment of value of money. For example, DCLG was looking to encourage local authorities to restructure their approach to supporting families by joining up services and developing new ways of working. DWP told us that it wanted to move people towards, as well as into, employment.[19] The Head of the Home Civil Service considered that there were three important lessons from these

14 Qq 128-130, 147; C&AG's Report, para 3.10, Figures 7 - 10

15 Qq 21, 79-80, 93; C&AG's Report, para 3.23

16 Q 80; C&AG's Report, para 3.23

17 C&AG's Report, paras 1.8, 1.10

18 Qq 116, 127, 132, 166

19 Qq 76, 98; C&AG's report, paras 1.5,2.11

programmes to be shared across government: the first was about shared endeavour between central and local government; the second was about the focus on outcomes through payment-by-results; and the third was about encouraging local partnership.[20]

20 Q116

Formal Minutes

Monday 24 March 2014

Members present:

Mrs Margaret Hodge, in the Chair

Mr Richard Bacon	Stewart Jackson
Stephen Barclay	Austin Mitchell
Chris Heaton-Harris	Nick Smith
Meg Hillier	Justin Tomlinson

Draft Report (The rural broadband programme), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 15 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Fify-first Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Wednesday 26 March at 2.00 pm

Witnesses

Wednesday 29 January 2014

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Oral evidence

Taken before the Committee of Public Accounts

on Wednesday 29 January 2014

Members present:

Margaret Hodge (Chair)

Mr Richard Bacon	Fiona Mactaggart
Stephen Barclay	Austin Mitchell
Guto Bebb	Nick Smith
Chris Heaton-Harris	Ian Swales
Meg Hillier	Justin Tomlinson
Mr Stewart Jackson	

Amyas Morse, Comptroller and Auditor General , National Audit Office, **Gabrielle Cohen**, Assistant Auditor General, National Audit Office, **Marius Gallaher**, Alternate Treasury Officer of Accounts, and **Tom McDonald**, National Audit Office Study Team, were in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

Programme to help families facing multiple challenges (HC 878)

Examination of Witnesses

Witnesses: **Jim Hopkinson**, Head of Targeted Services, Children's Services, Leeds City Council, **Colette O'Brien**, Director, Children and Young People's Services, Liverpool City Council and **David Holmes,** Chief Executive, Family Action, gave evidence.

Q1 Chair: Welcome. I think you probably know the drill, but this first part is short. What we really want to hear from you is what you, as people on the ground who are experiencing the programme in one way or another, think are the key issues that need to be addressed. We are coming at this halfway through the programme, so there is time to think whether anything could be amended. DCLG is talking about extending the programme post-2015. This is to reflect on what works, what doesn't work, what is frustrating and what is good about it. Who wants to start? Do you want to start from Leeds, Jim? Should I go across the three of you?

Jim Hopkinson: My name is Jim Hopkinson. I am the head of targeted services for Leeds city council, and I have a portfolio of responsibility for the Troubled Families programme in Leeds, which we call Families First. I am delighted to be working so closely with CLG on this programme. It was a methodology of work that we were seeking to do anyway in Leeds—what we call "think family" work—and it has really helped us motivate our other partners to buy into the "think family" approach. The approach of one family, one plan, gripped by one lead practitioner is absolutely the sort of programme that we are looking for. It has given us the impetus to increase our intensive family support to bring partners around the table, both strategically and operationally, to run this programme.

We believe that we are seeing results, in terms of turning families around. We anticipate that we will have turned around more than 35% of all our families by the end of the next claim period, which is on 14 February.

Q2 Chair: What do you mean by "turned around"?

Jim Hopkinson: We mean that we will have children back at school. We will have levels of—

Q3 Chair: Left school or back at school?

Jim Hopkinson: Back at school. Levels of youth crime and antisocial behaviour will be significantly reduced and, most importantly—it is a new way of working for us in children's services—we will have supported adults in the family to come off benefits and return to work. We are quite confident that we are starting to get some sustainable outcomes, which will mean savings to the public purse and the Leeds pound.

Q4 Chair: How many families are you working with? How many families did you think you would have who fit the criteria?

Jim Hopkinson: Our target in Leeds is to work with 2,190 families. When we did our identification, we found nearly 3,000 families who met the criteria set by CLG plus our individual local criteria. We really welcomed the opportunity to have our local criteria added on to that.

Q5 Chair: What are they?

Jim Hopkinson: Our local criteria are having a child in need, children on child protection plans and what we call high-repeat call-outs of the police to households, because that indicates a high-cost family and often—not always, but often—a family where domestic violence is prevalent. In the first year, we worked with just short of 1,000 families, and we have so far managed to claim on 532 of those families. We are still continuing to support many of them, but we are confident—

Q6 Nick Smith: You "claimed on" 532 families?
Jim Hopkinson: Those 532 families are families where we were in a position to submit a payment by results claim. We believe that for many of those families, it is not just a PBR claim; it is a sustainable outcome, provided we continue to support those families.

Q7 Fiona Mactaggart: I am looking at figure 8 in the NAO Report. Does that put you in the top six authorities?
Jim Hopkinson: That was the NAO Report at that time. I would not know where we are in the ranking of authorities now, because there would have been other claim periods since then. There have been three claim periods to date. In Leeds, we have so far managed to turn around about 24% of our entire cohort.

Q8 Austin Mitchell: How do you define a sustainable outcome, or turning them around?
Jim Hopkinson: There are two aspects to the outcome. The outcome is obviously whether we have mathematically demonstrated that we have children back at school, whether we have mathematically demonstrated a reduction in antisocial behaviour or crime, or demonstrated that those are families who have come off—

Q9 Austin Mitchell: Is it one criterion, or several?
Jim Hopkinson: There are three separate criteria that we are seeking to achieve in order to claim for the family.

Q10 Austin Mitchell: So in those families, you have achieved on all three?
Jim Hopkinson: Not necessarily all three. We need to achieve on two, or we need to achieve on the work outcome, but actually for the families whom we have claimed for in Leeds, it is fundamentally on attendance, and reduction in crime and antisocial behaviour, because it took us just a bit longer to get our systems in place to ask the question about work destination—about families coming off benefits.

Q11 Chair: So out of the 1,000 that you started work with in year 1, how many have you got a work outcome for?
Jim Hopkinson: There are not that many cases where we have claimed for the work outcome, and that is because we haven't asked the question—

Q12 Chair: How many?
Jim Hopkinson: Just 19 at this moment in time. However, we have another claim coming in February. There are two aspects of the claim: whether it is progress to work or sustainable work, which means you have been in work for six months. I hope that number will increase, and in fact our challenge from our chief executive is very much that he wants to see that figure increase. The massive boost that we have had is the secondment of Jobcentre Plus employees to our programme. We have a central programme team with some local authority workers, a senior probation officer, an inspector-level police officer and now two members of staff from Jobcentre Plus and two additional workers just joining. That has been an incredible boost to the work that we have done, and the work that our lead practitioners are now able to do around moving families closer to the labour force.

Q13 Chair: Just to get it clear, you got 19 into work.
Jim Hopkinson: Six months or more—sustainable.

Q14 Chair: Out of the people who joined in year 1? We are now going into year 3, so you have been working with them for over a year.
Jim Hopkinson: The only caution I would give is that that is partly about the systems that we had in place to ask the question. The work that we need to do to evidence that is quite complicated. Actually claiming for PBR is a complicated process and we have got better and smarter at it. We do need to invest quite a lot of time in it, so we are probably in a better position to ask the question.

Q15 Chair: I don't understand any of that.
Jim Hopkinson: What we need to do is to get the families and check that they are still living at that address—we have to do all sorts of address verifications. We then pass all that data to DWP, and DWP then gives us that data back. Then we match that data against attendance data, crime data and antisocial behaviour data. So it is an administrative task that we have got better and smarter at, but it does take quite some time.

Q16 Mr Jackson: Obviously, from what you have said, it seems that Leeds has made a good start. You are to be commended for that. Can I ask you specifically about how you treat the whole cohort? This is a programme over three years. One of the concerns I had with my local authority is that it was quite opaque in the way it said, "Well, we are working with the families" when, in fact, what happened was they spent months and months so-called scoping, and then they gave the ones whom they were not directly working with a DVD. They took exception to the fact that I thought that was not a good idea. My question is: are you working with all those 2,000-plus at different levels of activity? In other words, are you incrementally taking blocks and intensively working with a block? Or are you working with all the 2,500, because obviously some will be higher priority than others? If there is a danger to a child or serious domestic violence, I agree that that must be a priority, so how do you prioritise, and are you working with the whole cohort with the resources that you have on the city council?
Jim Hopkinson: We did not work with our whole cohort of 2,190 families on day one. Our system, very briefly, was to identify our families. What we have in Leeds is locality working. We call them clusters. We have 25 clusters. We parcelled the first cohort of those families, which was about 1,000—so just under half—into our 25 locality areas. Using some funding and some of our match funding, we essentially have 25 local troubled family co-ordinators in each one of those localities, each working with a population of 30,000 to 40,000 or so. Each one had a list of maybe

50 or so families, and we asked them to make sure that those families had an assessment in place and a lead practitioner in place to grip the family.

We prioritised those families into higher risk, higher need, and of course many of those were already working with services. Some of them were lower need or not on the radar of services, as we would like them to be. The task we gave our local troubled family co-ordinator was to make sure that each one of those families has the assessment, has the team around the family, and one plan with a lead practitioner in place to grip that family. We have done that incrementally and released more families for those local troubled family co-ordinators to work with. They check that the details that we have about the family from the computer are correct, that there is an assessment in place, that there is a lead practitioner, and that they are in our intensive family support services. That process works quite well.

In year 2, we brought in what we called a "referral in" process. In year 1 we used identification from a series of different databases—police, youth offending, attendance and worklessness—because we know that in those localities, families come up on the radar and police get concerned about families, and we need to make sure that we do not exclude those families by saying, "They weren't on the original list." So we have an opportunity to refer those families in to make sure that we work with those as well.

Q17 Mr Jackson: How much humanity is involved in this? It sounds quite process-driven. I think "troubled families" is a politically correct name. They are troublesome families—in my constituency, exceedingly troublesome. Do you actually get in and make value judgments for these individuals and the families—in other words, confront them with the consequences of their actions and then say, "You can take a different path; we're here to help you"? Matching databases seems mechanistic. How intimately involved are they in plotting a course for their own future and for their families?

Jim Hopkinson: That is a really good question. The identification of families is mechanistic, if you like. It is a series of computer databases that we match together to get household-level data. We then send that out to our locality-based troubled family co-ordinators, and they do the work around who already knows the family; who is working with the family; and what team. One family, one plan, written by one lead practitioner. That lead practitioner comes and leads from over 100 different agencies, so is best placed to go out, knock on the door of that family and offer what we call a high support, high challenge model. It is high support and high challenge, so sanctions are in place where sanctions are needed; support is in place where support is needed. That is where the humanity comes in, because unless you have a suitably qualified and motivated trained worker who can go out and offer that open and honest conversation with the family—high support, high challenge—we will not get anywhere. So it is about the skill set of the worker who goes out and knocks on that family's door.

Q18 Mr Jackson: This is my last question. Clearly, you are on top of it and we wish you success in achieving your objectives by 2015, but are you sharing good practice across west Yorkshire—with Bradford or Calderdale—or any of the other local authorities, or further than west Yorkshire? Obviously, there will be a common interest and common issues identified.

Jim Hopkinson: Hugely, and I take this opportunity to commend CLG for the support they are giving us around work force development, pulling together learning across the authorities. When we started, we had to develop our own systems of identification, and I explained how complicated some of our systems of identification and recording for payment by results were. We have learned from other authorities about better systems of doing that and shared our methodologies with other authorities. We get together and share, as a region and as core cities, and it is in our interest in Leeds that other areas of the country do as well as Leeds, because we want this programme to continue, we want to see sustainable outcomes, and we want to learn from best practice elsewhere. It is in our interest to share best practice and we commend the support that CLG gives us to do that.

Chair: It is 20 to three, guys. I have three people who want to ask Jim Hopkinson a question, and then we must move to the other two, so short and sharp if that is all right.

Amyas Morse: I add my congratulations on what you are doing. First, you put your planned results to DCLG; have you exceeded those results or not? While you are thinking about that one, are you putting non-matched funding in, or are you just up to the matched funding level?

Jim Hopkinson: We are up to the matched funding level. Most of our matched funding is funding in kind that comes from probation, from the police, from our community safety department and from health. As for where we are going to get to, it is fair to say that at the start of the programme it will be very difficult for us to speculate on how many families we will turn around. We did have what we called a family intervention programme. We would speculate that we would be achieving results around what that programme achieved, and in fact we used some of the funding we received to increase our intensive family support offering in Leeds. On budgeting, we initially started budgeting on the grounds of receiving payment by results on 50% of those families. We have now done three rounds of payment by results and we are confident enough to increase that, for budgeting purposes, to 75% that we hope that we will be achieving payment by results for, and that is not the end of our ambition. Our ambition is to go higher, but that is where we are for budgeting purposes.

Q19 Guto Bebb: I have just two questions. First, you mentioned that you are working with 100 different agencies and the lead practitioner would be selected on who was more relevant to supporting the family in question.

Jim Hopkinson: Who is best.

Q20 Guto Bebb: Is that an indication that this programme has pulled together these partnerships and agencies in a way that didn't previously exist?
Jim Hopkinson: I think it has helped to galvanise. We have a programme board that is chaired by the deputy leader of the local authority, with very senior representatives. The commander of police is on that board, and there is senior representation from all the agencies that you would expect to be there. It has helped to galvanise that. We did have a "think family" protocol, so it is not new to us to say we need to have a team around a family—one family, one plan, gripped by one lead practitioner—but it has certainly helped us to galvanise that. For example, it has helped us to do an awful lot of work force development among all those agencies that are supplying people who are best placed to be lead practitioners, and it has allowed us to provide a significant amount of funding to the third sector, which is sometimes best placed to offer challenge and support to these families, because they have had poor experiences with some statutory services.

Q21 Guto Bebb: My second point is about the 19 job outcomes that you mentioned had been achieved. You mentioned that there was a very complex process of identifying the information in order to make the claim. Is that an indication that perhaps there is a degree of complexity in the programme that is problematic, or is it a case of teething problems that have now been resolved?
Jim Hopkinson: I would say it was teething problems that have now been resolved. We probably underestimated, in our authority, the work it was going to take to identify and do the work for PBR. We want to make sure that we make our returns with a high degree of integrity. We do not want to be in the position of claiming for families who will then be on the front page of our newspaper for doing something else. That would make the programme look rather silly. It just took us longer than we anticipated to set up the systems. We are still modifying our administrative systems for both identification and claiming, and learning from other authorities. We will continue to do so.
There are a lot of different databases that we have to bring together for identification, and a lot of different databases that we have to ask questions of, to the degree of integrity that we need for claiming those results.

Q22 Nick Smith: Mr Hopkinson, it seems to me that you have a supportive and challenging framework around your local families; thumbs up to you on that. You talked about a 35% success rate in getting kids into school and reducing antisocial behaviour. Will you tell us more about that? What were the attendance records before and after your intervention with these families?
Jim Hopkinson: I obviously did not explain myself adequately. So far, we have submitted a claim for about half of all the families whom we started work with in year 1. Of our overall cohort, that is about 24%. I was trying to say that by the end of the next claim period, in February, we hope we will have turned around 35% of our families. In terms of your question about the attendance rate for the children we work with, every child is an individual and every family is individual. That is the beauty of the system, I guess, gripped by a lead practitioner who knows what the individual issues are for that family and what processes we need to put in place.
Some of those children in some families would have good attendance records but other issues, or there will be some members of the family with poor attendance and others with good attendance. Each family is different, and that is why the approach and the work that we need to do with that family has to be individualised.

Q23 Nick Smith: I am not quite satisfied with that. Children going to school is really important for all families.
Jim Hopkinson: Of course, I agree.

Q24 Nick Smith: So do you or don't you have data about children's attendance from the families whom you have been supporting?
Jim Hopkinson: Oh, yes.

Q25 Nick Smith: What does that show? Can you say off the top of your head, or can you get more information for us?
Jim Hopkinson: I would have to get more information for you, but clearly we know the attendance records of the children at the time they come on the programme. We want to make sure that those children are no longer persistently absent from the school as part of saying they can come off the programme. Without that, we would not expect them to come off the programme.

Q26 Stephen Barclay: What is the highest number of days truant a child could have and still be judged a success?
Jim Hopkinson: We would have to have attendance above 85%.

Q27 Nick Smith: Can I come back on my second question? I really would like to see that data. I want to know what success you have in getting youngsters into school.
Jim Hopkinson: I can provide that as a written answer.

Q28 Nick Smith: One of the early answers you gave was that only 19 out of 1,000 families had seen some return into employment, which didn't seem very good, but these things take time to establish, I am sure. What measures have you now taken to improve that bad start?
Jim Hopkinson: Loads of stuff. As I said, the first thing is bringing Jobcentre Plus workers into the core programme team, which has been fundamental. It has been fundamental to us being able to ask the question, and fundamental to our ability to work with lead practitioners on the ground, to support and challenge them to say: "What are you doing to support this family to move closer to the labour market or move into work, to make sure that we are referring families

to the Work programme and that no family is being left unmotivated?" The issue around that is the cultural change among the lead practitioners and about saying: "As part of my work with that family, I am challenging them to move towards the labour market". That is the work that we have been doing.

Q29 Chair: I want to move us on, but can I quickly ask what proportion of your families have children on the at-risk register?
Jim Hopkinson: I would have to—

Q30 Chair: Can you let us know?
Jim Hopkinson: I can provide that, yes.

Q31 Chair: What proportion of your families would you classify as having children in poverty?
Jim Hopkinson: Again, I could let you know, but it would be a significant proportion.

Q32 Chair: It would be interesting, because of the change of definition, to see what happened. I will move on. Colette, you are from Liverpool, so try to give us not the same picture, but anything else, and things that you think we ought to interrogate the accounting officers on, when we get to them. Perhaps you could talk a little about where the challenges have been in putting the programme together. It can be anything you like, really, but try to add value rather than repeat the same thing, as time is a constraint. Thank you.
Colette O'Brien: I will try to do that. I am Colette O'Brien, the director of children's services in Liverpool. Take a lot of that as read, as we were talking outside and there are lots of similarities between big cities. Liverpool has a third of its child population living in poverty—they qualify for free school meals, for example—so that gives you some idea of the picture. Of our child protection plans, 64% are for neglect. That should set the scene.
Some of the things you might find interesting from the families programme in Liverpool—we have dropped the "troubled" among ourselves as officers—are that we built on our "total families" work, as Jim said, to begin with. We have found it a really useful vehicle to engage our schools as partners, because sometimes, when you are working with schools on this kind of agenda—they may say our objectives are teaching and learning, and I get that—we are increasingly looking to schools, now that they have the pupil premium and broader responsibilities, to help us deliver this programme. They have become extremely engaged in Liverpool—they are very enthusiastic.
So, on to some of the work that might be slightly different and of interest, troubled families has helped us to work on a pupil tracker tool. That tool enables head teachers to know which services have been working with children on their roll, and that is something that they are finding extremely useful. We are just in the design and pilot stage now.
We are also putting in place a school-family support service. I like that, because in terms of sustainability beyond the life of the programme, we will trade that with schools. We will be looking for them to purchase family support via the pupil premium, to assist in the early intervention work that is so important in this programme.
This is about turning off the tap and not just about delivering a programme. It is about what happens at the end of it. We have had lots of programmes over the years; what makes this different, and why people are so engaged with it in Liverpool, is how we make it live beyond the life of the grant. We are challenged as a local authority: within the next three years, we will be 53% leaner than we were six years before. We have got to find different ways of supporting our families, and we feel we can justifiably engage schools in this by the work they will have done with the families programme over the next couple of years. That is quite an unusual and different way of spending some of that money.
We have also looked at engaging our registered social landlords and paying for some housing support officers to work with them in identifying the families who are experiencing antisocial behaviour difficulties in connection with their tenancy. Those innovative ways are slightly different. We are looking, at the next period, really to engage health colleagues. We have engaged them to a point, but that is where we feel we could develop the programme still more over the next year and in the programme's extension year, so that they are embedded in the work of supporting families.

Q33 Mr Bacon: May I stop you there? Might, therefore, a health person be one of the 100 agencies which Mr Hopkinson mentioned who turns out to be the lead practitioner in a particular case? The person who knocks on the door within the ambit of the programme being from the health sphere—does that happen already?
Colette O'Brien: It does, but to a very limited degree.

Q34 Mr Bacon: And you are saying that it should happen—
Colette O'Brien: It should happen a lot more. Over the last couple of years it would be fair to say that the NHS has been through quite a turbulent period. So certainly in the last year it was difficult even to know who to speak to. Who were you talking to? The CCG? As the PCT morphed into the CCG: Liverpool community health, the acute trust? So we have struggled to engage with some of our health colleagues through no fault of their own. They are coming to the table in the programme. I think the payment-by-results element has assisted with that. It isn't necessarily the bait that gets them there but it keeps them there. We like that bit locally. We like the two elements. We like the up-front funding because that allows you to pump-prime. Without that it is very difficult to add to your capacity in current times.

Q35 Mr Bacon: Can I be clear about that? You are saying that the health people are more likely to come along and stay because if they do they get a piece of the action financially? That is what you are saying?
Colette O'Brien: Locally, that piece of the action is work force development. We are not talking about scrabbling around for who gets what. We are talking about training staff. Staff training is what we have

invested our payment-by-results money in. So, yes, health colleagues get a piece of that. I did not just mean health when I said that payment by results keeps people at the table; I would not like you to think that. It helps to focus the mind and it helps to keep us focused on the outcomes that we want to achieve, so we quite like the payment-by-results element. But I don't like it exclusively. We like the up-front money as well. We want everything, don't we? But the up-front money helps us to add to the capacity building at the start.

Q36 Mr Bacon: So you are saying that the health colleagues feel when they come along that they are learning something that helps them to do their job better?
Colette O'Brien: Yes, and they engage better with the common assessment framework, for example, through the shared learning and through the work force development. We have had a problem locally in embedding our common assessment. The families programme has helped us with that.

Q37 Meg Hillier: Which groups of health professionals are you working with most?
Colette O'Brien: We are working with the CCGs as commissioners but we are also working with Liverpool community health—our provider arm. It is the provider arm, the health visitor, the school nurse who is the lead professional, who works up front in co-ordinating what happens with that family.

Q38 Meg Hillier: So it is those on-the-ground people.
Colette O'Brien: Yes. They are on the ground.

Q39 Austin Mitchell: You have given us the picture from the top down of the numbers involved and how it is working. Can you tell us about the bottom up? I know there is no typical problem family, and in my family I am the problem rather than the rest of the family. But say I am a problem family: how often would I be visited? Who would I be visited by? How do all the people participating get co-ordinated? Is it through one person or are there multiple visits? You've got the DWP, the Communities and Local Government, but you've also got the police and the Probation Service. You've got the schools. You've got the housing department. They are all playing a part in this. Who co-ordinates all that? If I am a problem family do I have one person I can get in touch with when problems come along or I am facing real difficulties?
Colette O'Brien: You have one person in the lead professional but you will have other agencies who will be called in. One of the things that has been so important in this programme is trying to minimise the number of people a family has to deal with. We found before the programme when we were working on Total Family, that a troubled family could have 12, 14 professionals. We don't knock on the door and say, "Hello, are you a troubled family?" So we dropped that bit. We prefer to knock on the door and say, "We are going to work with you." You really need to minimise the number of people they are engaged with and focus the work because they can just go round in an endless circle of intervention. These are the families who keep coming back. There isn't a simple solution. Hence the fact we sometimes talk about low numbers of success because they do return and return. We need to keep the numbers small and keep the lead professional there so that they have one person who they learn to trust who is co-ordinating what happens to them. Very often that is the family support worker who actually goes round and knocks on the door, and if there is an issue around attendance, helps to organise that child getting up in the morning and getting out to school. That is very practical work. Often, people say they want social care. They don't want social care. They want family support in organising what can be a family that just needs a bit of help to get their act together to get their child up, out and ready in the morning.

Q40 Ian Swales: Can I build on that point? You mentioned earlier about schools and the pupil premium. In parts of my constituency I have 50%-plus free school meals and in one case, 80% free school meals. When you talk to the heads about what they are doing with the money, it is quite clear that they are having to invest in things to do with families, not to do with frontline education, because in order to produce results with those children, they are having to reach out beyond the school and into their families. Can you say a bit more about how that is working in Liverpool and how willing the schools who get this money are to engage in the sort of work you are doing?
Colette O'Brien: We have something quite interesting going on in Liverpool called the Liverpool learning partnership. One of the things that we have to deal with now is this changing education landscape. We have these things called academies and free schools and studio schools and UTCs and every other thing you can think of. It is very easy to become very fragmented as a system.
What they have decided to do locally—and I am a partner in that—is to create a collaboration of schools. It doesn't replace the local authority. It is a different way of delivering. All of our schools—we have 85% sign-up to this—pay a fee per pupil and that money is put together into a pot to commission projects. So at the moment schools are getting bombarded with people saying, "You are the only ones with any money—can you pay for this, can you pay for that?" What we are doing is going to that partnership and saying, "With your pooled budget, can you pay for X?"

Q41 Ian Swales: On this agenda?
Colette O'Brien: On this agenda, and on other agendas. They are not just feeling like they are putting their hands in their pocket, as the pooled budget is paying the cost. So we are saying, "Would you like to commission a CAMHS project? Would you like to commission some family support?" So at the end of this programme—and I have told them this from the start, I will be trading family support workers who are currently part of the families programme—I will be saying to them, "Would you like to buy this

partnership for our schools? Would our primary schools' small clusters like to buy a family support worker? Would our secondary schools or academies like to buy a family support worker?" That is how we are engaging them, rather than saying, "pay for this, pay for that."

Q42 Ian Swales: Thank you. It is clear from reading the Report and from the evidence that we are hearing that there is likely to be a capacity issue here. If we identify the families that we want to deal with through this programme, then I am guessing that we don't actually have the capacity in all of your organisations to do it at the moment.
In terms of bidding for resources, the whole cost-benefit equation is right at the heart of what we are doing here. The whole point of this programme is we believe that investing in it will ultimately save money for the taxpayer. Are you tracking benefits of what you are doing sufficiently in financial terms, so that when it comes to bidding for resources you have a good story about the payback of the interventions you have been making? Maybe it is a question for both of you.
Colette O'Brien: We are, particularly around the family intervention programme, because we were already doing that to begin with. I am not sure so much whether children's services will see a cost-benefit necessarily.

Q43 Chair: Who's the "we"?
Ian Swales: That is exactly my point. The benefit is felt in hospitals, in prisons. Have you got a baseline against which you are measuring your work, because it is much easier to get resources if you can show a business case for getting them?
Colette O'Brien: It is. I think that is something we need to develop better than we have for children's services.

Q44 Chair: Are you doing it? Are you managing to track it?
Jim Hopkinson: We are developing with CLG a cost-benefit calculator tool and we do hope that we will be in a position to demonstrate outcomes in the near future. It does take some time to develop the tool.

Q45 Chair: I want to go to David quickly. I wanted to ask both of you whether you work with the DWP programme as well.
Colette O'Brien: Not very closely, no.
Jim Hopkinson: Through our Jobcentre Plus colleagues we do, but not enormously.

Q46 Stephen Barclay: Miss O'Brien, you said that part of the pressure was that the council would have to be 53% leaner. Is that excluding the increase in reserves and the uncollected council tax?
Colette O'Brien: Our reserve is primarily against our capital programme. We have 12 new schools that we are building, so I understand our reserve is primarily against that.

Q47 Stephen Barclay: But you are increasing reserves.
Colette O'Brien: All our reserves will be committed.
Chair: Stephen, it is a bit unfair to ask her because she is not the finance person.

Q48 Stephen Barclay: It is material. The evidence we are getting is that pressure on the finances is impacting on the programme at a time when reserves are increasing, council tax is not collected and Liverpool, on the figures I have from the Department, gets £2,636 per household, which is massively more than my constituency in Fenland gets. If we are trying to understand the pressure on the households within the programme it is important to understand the financial position and get a true picture. I am not sure that 53% leaner is a true picture.
Colette O'Brien: What I meant was that in the first three years of budget reductions we had to save £172 million. In the next three years it is £156 million. By 2017 that will be 53% less as a council than we had six years previously. I was saying that we are not able to budget money up front for the payment by results figure. We wait for that to come in in arrears.

Q49 Chair: I think what would be fairer is if you take Stephen's perfectly legitimate questions and do us a note. I think it is a bit unfair to expect you as children's services director to be completely on top of the budget.
Colette O'Brien: Sure.
Stephen Barclay: With respect, Chair, she was saying that was putting pressure on. You can't have it both ways.

Q50 Chair: Let's get a note. I think it is a fair question but if you can get your authority to provide a note, that would be helpful. David, I am going to ask you from your rather wider national voluntary sector perspective the more challenging question: what needs to improve and change and where are the weaknesses? I know that is a specific one, but it is a time constraint.
David Holmes: Good afternoon. I am David Holmes, chief executive of Family Action. We are an England-wide voluntary organisation, particularly known for our range of family support work. We are currently providing troubled families schemes in five different local authorities. So, I guess what I bring is an overview of troubled families in a range of different areas.
I would say to begin with that I welcome the troubled families programme. I think it is very important to have investment in family support and in trying to divert spend on those families to helping them to live happier and better lives. In my experience and that of my workers, the families we work with are invariably complex. They have a range of support needs. We can make some progress on the factors that are measured under the programme: antisocial behaviour, school attendance, youth offending and return to work. Certainly through the schemes we operate we have seen good progress, particularly in school attendance and reducing antisocial behaviour. There has been much less progress on getting people back into work. I am not sure that captures the totality of what we see in these families. I see families where domestic violence is prevalent. I was talking to one of my

managers this morning and in more than 50% of her cases there is domestic violence. In a majority of the families there are real issues with parenting and also anxiety or depression or other mental health issues, with families feeling they have just failed and are often in despair.

What is good about the troubled families initiative is that it promotes the whole family approach. I absolutely agree with the need for a dedicated, trusted family support worker to go in, work intensively with the family, build trust and make direct improvements to the family's life quickly. It can be fixing the boiler or just winning trust, because those people will have seen so many professionals over the years, and over a period of time they can make a change. I also see tremendous variation in how the troubled families scheme is commissioned. In one of the schemes, we are commissioned for a three-month intervention. It is very difficult to turn families around in three months.

Q51 Chair: Why is that?

David Holmes: The commissioners work with families for three months and see the progress they make. It may take six months.

Q52 Mr Bacon: Is "the commissioner" a local authority?

David Holmes: Yes. In another area, we are commissioned for up to 12 months. We need flexibility in the programme so we can work with families for as long as they need to make a real, positive change. That is not to say that organisations such as mine should be commissioned for years and years to work with a family and not achieve change; however, we should make sure we are there for the families for as long as they need us so we can make the changes that will transform their lives.

When we think about the future of troubled families, we need to think about what happens when a family exits the programme. What do they step down to? I have seen some real innovations. For example, in one area there is a community mentoring scheme, which gives families somewhere to go, and there are community approaches to keep up the progress that has been made. In terms of the name "troubled families", I do not call any of my troubled families schemes "troubled families". I call them "family focus", "think families", "building successful families", "families first" or "families working together", but not "troubled families".

Something we do in my organisation—this relates to the question I was asked earlier about tracking the benefits—is to measure the journey. We don't just focus on whether we can achieve the specific outcomes. For example, we sit down at the beginning with all our families to work out where they are in terms of parenting. We use a parenting effectiveness tool called the family star to work out where they are in terms of setting routines and boundaries for their children, keeping them safe and making sure they eat well. While we work with them we measure how far they are making progress. At the end of the intervention, whatever has happened in relation to the payment-by-results outcomes, we can also see how the family's parenting has moved on.

I welcome the fact that the troubled families scheme will continue, and I welcome the proposal to broaden it out to reach more vulnerable families. I hope that in the future we will see more of a focus on the issues that I see so much through my projects—mental health, domestic violence and parenting capacity. Those are the things that are real to my families.

Q53 Ian Swales: Can I ask a clarification question? In my area, families in these programmes often have alcohol and other substance abuse problems. Do you measure that dimension as well?

David Holmes: Certainly, alcohol and substance misuse is an issue, although domestic violence and parenting capacity are issues for a larger number of families. We try to get as broad a picture as we can of the family across as many dimensions as possible, because then we can show the progress that has been made. Ultimately, when we look at the success or not of the programme, we do better if we look across the piece, rather than at fixed outcomes.

Q54 Mr Jackson: Do you have a didactic approach to the way you deal with families? It is all very well to say, "These are the problems, and we are measuring how we are getting on", but you must give those families a framework to teach them. I understand that for generations they have not had a moral, social, familial framework that will enable them to make rational, good choices for their families. Are you saying that that is an implicit assumption in the scheme? Are you saying, "Look, this is what you should be doing"? I guess what I am asking is, are you partially judgmental when you help those families? If you just sit around on a bean bag, saying, "Well, it's going badly; it's not working out," with all due respect that will not get the job done; that will not cut the mustard.

David Holmes: Families need really good and effective support. The way in which a family support worker will work with a family—if they are any good—is to go in, build trust and start giving their family strategies for moving on.

I talked before about the family star, which looked at parenting capacity. We do that with our families and they love it. They will stick it on the fridge, because they can see where they are starting from and where they are going. It gives them a framework to move on. It is not patronising. Is it didactic? Well, if it is, it is in the most supportive way. But it is giving people the tools to become better parents, to live happier lives and have less misery, which is good.

Q55 Mr Jackson: That was a helpful answer. How much sharing is there of the experience of the most successful schemes across the country? Is anyone collating and co-ordinating that data to help others?

David Holmes: I know there is an ongoing evaluation of the programme and also a range of conferences and learning opportunities for different programmes. I suppose where I have found particular benefit is in running a number of different schemes within the same organisation, because then we can benchmark internally what we are doing and learn from one another. But I think the opportunity to understand the

range of different things that have been shown to work through this programme is hugely valuable and rich material that we must use as the programme continues and expands.

Q56 Justin Tomlinson: Two quick points. You have got the experience of engaging across a number of local authorities, so you see things approached in different ways. What are the biggest barriers to engagement? Obviously, you have got to work with multiple agencies and we have got two very proactive local authorities here.

David Holmes: We have still—this is an old chestnut for anyone working in health or social care, or children's services—an issue with data sharing between agencies. We see a variety of practice there. The choice of the key worker is vital, because you have to have somebody who has the personality and brilliance at building relationships with families and other agencies to be able to cut through whatever red tape or barriers there may be to effect positive change, so the interpersonal skills of these workers are absolutely critical.

But I also think there is momentum behind the programme and that there is an understanding that intensive family support matters. It is then how you situate that within a much broader approach to family support that goes across the spectrum of need and doesn't just focus on the areas and families who need the most intensive support.

Q57 Justin Tomlinson: This is a long-term programme with long-term results. How much of a challenge is it to ensure that you get enough buy-in? In the short term, it is resource-heavy on financial cost and staff time—like you said, it is not simply a three-month programme in which everything is fine and the benefits filter through immediately. Considering that local authorities have annual financial pressures and staff changes, how much of a challenge is it to keep everyone looking at the long term?

David Holmes: I would say it is incumbent, particularly on the voluntary organisation here, to help with that process, because we can show, through really good data collection, the difference that we are making over time. We can help to make the case for why local investment should be put in family support. I would not just lay this at the door of local government; it is a shared mission to help these families and reduce costs much further down the line, because we have all seen the intergenerational cycles of problems that just go on and on.

Q58 Justin Tomlinson: These families all have their unique challenges, so every single programme has to be individually tailored for them. One of the biggest challenges with having so many different agencies is that so many different people can play a part in turning that family around, but obviously having so many people means turnover in those staff. How do you keep a consistent approach when someone who might have understood the challenge moves on?

David Holmes: Through that key link person and really effective co-ordination. If you have the right person co-ordinating support, then if things change—life happens, doesn't it?—they will be able to interpret what is happening for the family. We find, often, it is not the intervention but preparing a family. Say there is a mental health appointment, or a doctor's appointment. Okay, go with the family. Make sure that they go to it. Talk to them about the conclusion, whatever it was, and make sure that any treatment is put into effect. It is about that central co-ordination, and it is the fact that somebody is on your side and will be there that gives people the confidence to progress and move on.

Q59 Meg Hillier: Welcome. It is good to have a Hackney-based organisation here. A few years ago, I was talking a lot to schools in my constituency. Rather than buying in the family support that someone like you would provide, they found it was cheaper to provide support through a member of staff in the family support unit. Although you are the pioneering project, at some point someone will look at the unit cost of everything you provide. That will be part of the evaluation of value for money. What is the difference between what you provide and the cut-price version? Is there any point where what you do per hour for the person you have just described to Mr Tomlinson could be cheaper? Or is there only one way of doing it?

David Holmes: I don't think there is only one way of doing it. You have to cut your cloth according to where you are working and the problem you are trying to solve. I think there is a reality that if you have people working in these very intensive roles with families, having them as part of a team, having the support that that team provides, and having the opportunity to discuss their cases and learn from one another is often better than just having somebody in an isolated role. There is also something about thinking hard about where people are located. You might have somebody in a school, but perhaps the family have had a really bad experience of education themselves. Maybe they don't want to go into a school. There is a need for flexible thinking there. Also the idea of schools investing in family support and seeing themselves as having a responsibility for that is absolutely right. Then, I think, you just try to work out the service model that will have the most impact on families.

Q60 Stephen Barclay: You have identified domestic violence as a key issue. To what extent do you always encourage prosecution or to what extent—you talked about support—would you not encourage prosecution?

David Holmes: It will always depend on the individual circumstances of cases. Is this something that is happening now? Has it happened further back in somebody's life? Is it a repeating pattern, such as where a woman has a history of violent partners? It depends on the individual case, but in working with domestic violence we would always want to address that, if that is the absolute root of what is happening in that family. Unless you address the domestic violence, how will anybody move on? How will you get into work? How will your anxiety and depression reduce? How will your children's problems change?

It is core to understanding exactly what is going on and then making sure that the woman, the man, and the rest of the family have the tools they need to address it and move on. If that means getting the perpetrator out of the house, then that is the right thing to do.

Q61 Mr Jackson: I was just going to say that. The objectives could be mutually exclusive. Is the objective always to keep the family together through thick and thin? That seems to run counter to what should happen when a woman—it is usually women—is in danger of violence from her partner.
David Holmes: The objectives are to take a long, hard look at what is happening in the family and sort the family's problems out. That will be whatever is necessary to help that family to move on. It is not about sticking plasters. It is about real, long-term, transformative change, but that may be over such a wide range of areas, not just very specific outcomes.

Q62 Mr Jackson: To move the family around as well. One of the experiences I picked up on was ex-offenders coming out. If they come back into the same neighbourhood with the same drug dealers, and the same criminal fraternity, they will get back on the conveyor belt. My local constabulary has taken to moving people to different counties to break the cycle.
David Holmes: I agree, but this is where you have to have a broader perspective, because so many of the families we work with are living in poverty. You have to think through that to help this family to move on. Is it about trying to address the poverty, is it about benefits maximisation, is it about, as I said before, housing? It is about what you have to do to make real and lasting progress.

Q63 Chair: Do you interact with the DWP programme?
David Holmes: No.

Q64 Stephen Barclay: Do you interact with the police, in terms of them wearing head cams to facilitate them prosecuting when victims of domestic violence won't prosecute?
David Holmes: We certainly have good working relationships with the police. That is really important.

Q65 Stephen Barclay: When the police are called to a domestic violence incident, do you find that increasingly they are wearing head cameras, so that they can gather the evidence? An issue that magistrates have raised with me has been that victims of domestic violence will often not prosecute.
David Holmes: I could ask my co-ordinators that question and get back to you.

Q66 Chair: Thanks very much indeed to all of you. We were a bit longer than I thought we would be, but it was very useful and very helpful, so thank you very much.

Examination of Witnesses

Witnesses: **Louise Casey**, Director General, Troubled Families, Department for Communities and Local Government, **Robert Devereux**, Permanent Secretary, Department for Work and Pensions and **Sir Bob Kerslake**, Permanent Secretary, Department for Communities and Local Government, and Head of the Home Civil Service, gave evidence.

Q67 Chair: Welcome. Sorry we kept you waiting. This is the first time for you, Louise, so welcome.
Mr Bacon: You have been before, haven't you?
Chair: Not with us.
Louise Casey: Not with this group, but I have been before the PAC in previous lives.
Mr Bacon: That is what I meant. I remember you from the rough sleepers initiative.
Louise Casey: Yes.
Mr Bacon: It might have been a few years ago, but you're not new to the Committee.
Louise Casey: Still nervous, though.

Q68 Chair: Let me start by saying that around the Committee table there is general support for the aims of both programmes. Our job is to look at whether they are cost-effective. We recognise that we are coming in halfway through, so the judgments will be direction of travel, rather than absolute judgment on where you are. That is the context in which we are trying to interrogate: where we are at the moment.
I suppose the issue that hits you when you read the NAO Report is: why on earth do we have two separate programmes trying to do the same thing? I just don't get it. It was interesting—Robert will want to come in on this—that none of them interacted with the DWP programme.
Sir Bob Kerslake: Shall I kick off, Chair, and then colleagues can join me? When we started working on the troubled families programme, work had already got to quite a point in the DWP ESF initiatives. One was ahead of the other in its development, to the point that there was quite well progressed work on the tendering process and so on. The judgment came when we were making a decision about going with the troubled families programme: do you stop one, do you hold off on the other, or do you let both proceed and then focus on how you join them up as effectively as you possibly can? On balance, the desire to proceed apace and with scale made it the right judgment to proceed with the two schemes and make sure they joined up.
If you look at the story, quite a lot has been done to make sure that happens, most particularly the 152 staff who have been put into local authorities from—

Q69 Chair: None of whom knew about DWP or worked with DWP. I can't see the join-up. It didn't feel joined up to me.

Sir Bob Kerslake: What they would say is that those particular people's connection with the DWP programme, and from my experience, the staff seconded in, have been very positively received, and Jim, sitting on my right, made that point. They have been in the teams for a year now, and their presence is really being felt.

Q70 Chair: I will give Robert a chance to come in on this, but he said he used Jobcentre Plus people, but when I said, "Do you interact with the ESF/DWP programme?" he said no.
Sir Bob Kerslake: What he did say, though, was that the connection between the two Departments was strong and that the secondments had been very effective.
Robert Devereux: It depends on which staff we are talking about, though. The thing that we did together in March last year was put Jobcentre Plus people into local authorities; we have put 150 of these people, who are called troubled families employment advisers, into local authorities. It has been extraordinarily well received in two directions—

Q71 Fiona Mactaggart: Any additional body in a local authority is usually well received, as we heard in relation to the pain of the cuts in Liverpool, frankly.
Robert Devereux: I have had the pain of cuts in Jobcentre Plus, too. These 150 have gone in, and my perception of these two programmes—the question you started with—is that having started, what we have now worked out is a pretty effective way of working together.

Q72 Chair: It does not feel like it when you read that Report. Are you working with the same families? Are you working with different families?
Robert Devereux: With respect, there is one paragraph about the stuff that we have done since March 2013, and quite a lot about the stuff that set it up, so the learning in this is how you bring the two together, because two different things are going on here.

Q73 Chair: But we are halfway through the programme, which is why it is a good time to look at it from the perspective of whether it is value for money. All the way through, I could not work out whether you were defining the same families. Is there duplication? I just could not get any feel for why we are running two programmes. With the greatest respect, Sir Bob, you have an ESF application in—you want the money, I get that—and you just make sure that you design it so that it is part of an integrated whole, rather than running two separate programmes with different outcomes. Your outcome under ESF is 22% in work, and Louise's is rather different—kids back at school and so on.
Sir Bob Kerslake: In terms of the point about whether working together is actually happening, I have seen examples, and it really is happening in a practical way.

Q74 Chair: Is it the same families, or are you choosing different families?
Sir Bob Kerslake: No, it is the same families. Just to make a point on that, the work that has been done in DWP to identify on their systems families who are in the troubled families group has been quite strong.[1]

Q75 Chair: Then why don't local authorities know about them?
Sir Bob Kerslake: Something like 51,000 of those who have been identified and been worked with are on the DWP system, so I am not going to suggest that you could not do more to align the systems and work together, but as Robert has said, a lot has been done to get as much joined up as we possibly can. The problem with what you are suggesting is that, in a sense, we would have had to halt the programme that DWP had under way, or alternatively delay the programme for troubled families. Neither would have been a good outcome. Having got going on both programmes and learned a lot along the way—that would be the honest answer—we do now have quite a lot of connection, both in terms of data between the two systems and of practical working on the ground.

Q76 Chris Heaton-Harris: Actually, I think you are working together, and I have an example of it in my constituency, and not a deliberate one—well, it is deliberate, but not for this. The Jobcentre Plus has moved into local council offices and it is a one-stop shop. Daventry district, God bless them, are at the forefront, and the regional Jobcentre manager is driving as many of these projects forward as he possibly can, which is very good news. But the problem in Northamptonshire has been agreeing on who is a troubled family. Once they have agreed it is quite easy—well, perhaps not quite easy, but the movement has been there, and it has been very joined up, and it seems to be working, slowly but surely. The trouble with identification surprised me. Why is that?
Louise Casey: I do not think that is to do with the European Social Fund programme. What happened in Northamptonshire is that they are one of the areas that, in my view, were not really used to working with this particular cohort of families, and they started quite slowly in terms of trying to grip what they thought was going on.
As you heard from previous witnesses, you can get very caught up in a kind of "data approach" to this on a significant scale. Local authorities that had a track record in running family intervention from 2005–06—which some of you around the table have—knew where they were at, knew the type of families they were going for and knew how to do it, through things like community safety partnerships, housing, and children's services, as with Colette and others. Some started slowly, particularly where you have a county and then districts, so you are also a different type of authority. It is no secret that Northamptonshire has been one of the areas I have been concerned about. I am much happier with the position that they are now in, but they started slowly. In fairness to them, they are using it as a way to think about how they restructure their services much more fundamentally.

[1] Witness note: The ESF Families provision has a broader eligibility than the Troubled Families programme, there is some overlap but they are not always the same families.

People like me have to get the balance right in that scenario.

The troubled families programme is about trying to get local areas to see how they can restructure services, so that what you heard about earlier—10, 15, 20 agencies circling these families and not really getting any real change in them—does not continue. At the same time, I need to make sure that they are keeping the momentum up on actually helping individual families and getting through the numbers. In your constituencies, which I have visited and I have colleagues who are in close contact with them, my sense is that the data-sharing issue went a bit beyond the issue around DWP.

Sir Bob Kerslake: One important point to add is that in my experience the troubled families programme is one of the most joined-up programmes across Government. We have six Departments involved, and on the ground we are seeing a high level of joining up between partnerships. However, the level of development of partnership varies from area to area. Some have had to work much harder at getting to a shared understanding of the issues before they could move on. In my view, that is a good thing, because it has forced them to think about the issue from a common perspective.

Q77 Chair: Louise, do you oversee the people who get funded through the DWP programme?

Louise Casey: Yes.

Q78 Chair: So you oversee all these private contractors?

Louise Casey: No, I don't oversee the European Social Fund programme. That is done out of DWP central, but obviously I am aware of the setting-up of this programme and how it has worked. It is one part of a much wider programme. My sense is that DWP was heading down this route because of the European Social Fund. It had criteria that it needed to meet and it pressed ahead. We meanwhile did a much bigger programme. The ambition of the programme is huge. It is 120,000 families and £458 million, and we are going for very significant changes in each and every one of those families; work is just one element of that. I know what you are saying, and I understand what the NAO Report said, and we have rubbed along trying to make this right. Where we got to a year ago is, to be honest, an extraordinarily significant moment in public services. We started out with data sharing, which we managed to get off DWP really early on. Iain Duncan Smith agreed—a historic moment in my career in working in these services—that we would be able to get DWP data on benefits, which none of us has had in all the time I have been working. That was a great win. A year later, we managed to get human beings out of Jobcentre Plus, into troubled families teams, or whatever they are called locally. Because of that, we now have 51,000 individuals marked by DWP as being from my families. That is huge step forward. So, no, not perfect, but we are now in a better place, and it is actually quite exciting, in terms of how public services work with each other.

It is great for me to meet, in Bristol, the woman who went to Asda and said, "I couldn't get through your psychometric testing, let alone one of my families. Can I work with you to change it?" Those are the sorts of things that will make a huge difference, because it is bringing our families, who are miles away from the employment market, and people like employers closer. They are not the easy end. They are not creaming off the top. They are people who haven't worked for generations. Of course the figures are low on getting them in jobs, and for a sustained period of time, but getting one of these families into a job for three or six months can create monumental change in that family. It has been painful, but it is worth it.

Q79 Mr Bacon: Can I ask about one thing you just said about data sharing? You call it a "big win"; the previous witnesses said it was an issue that there was still variable practice. You guys, between you, are the Government. You are the people who ought to be able to decide and, if necessary, send a little statutory instrument down the corridor in this place—somebody will deal with it in 20 minutes; it happens all the time—to solve these problems. Why is it that people are so recalcitrant? I had a meeting with the Information Commissioner about something else, and I said to him, "Do you get annoyed when you hear the phrase 'data protection'?" He said, "Yes, I do. I get particularly annoyed when they say it to me. I feel like saying, 'Don't you know who I am?'" This is an area that has been a perennial problem and it is, by definition, "the authorities" who have the power to sort it out. Why does it continue? Why does it persist? That is probably for Sir Bob to answer, but it may be for all of you.

Sir Bob Kerslake: I will kick off. The first point to make is that we have already made, as Louise said, some quite significant advances on data sharing. To be honest, often the barrier to data sharing is not legal at all; it is cultural. It is history; it is practice. One of the big things that the programme has sought to do is test, really, which of these issues—these so-called reasons why you cannot share data—are just down to culture and practice, and which are down to people being inhibited by statutory regulation. A lot has been done to move it on. A very practical example—

Q80 Ian Swales: In terms of protection, is it the case that—

Sir Bob Kerslake: To be honest, all of those things go on in this area. The evidence in the troubled families programme is that quite a lot has been achieved to break down those barriers in joint cause. You are left then with some issues that genuinely require legal change, and you will know that there are some thoughts to see what might be done on that.

Robert Devereux: We have made two regulatory changes. The first enabled me to send data to local authorities about the nature of benefit receipts, which is one of the criteria for Louise's programme. The second one enabled them to tell me who is on their troubled families programme, which is how I got the 50,000 names on the machine.

I think it is true that if you want, as a previous witness said, not to have 10 people turning up on someone's doorstep, you have to have multi-agency work back in the office. The data protection rules mean that there

are data controllers right across local authorities looking after the data on this thing or that thing. One of the things we have provided to local authorities is a guidance document on how data protection works and who you have to go to in your local authority to cut through some of this stuff, because we have opened up the gateways that are necessary to pass between the Department for Work and Pensions and local authorities. As for what local authorities then do internally to make sure they all understand what you can share if you are in, say, the children's unit, the debt unit or the housing unit, that is stuff where some people are better than others, but we have tried as much as possible to cut through that.

Q81 Chair: If you were all under one programme, the problem would disappear.
Robert Devereux: But that would not fix local authorities.

Q82 Guto Bebb: The Chair has just mentioned that there should be one programme rather than two, but Louise Casey mentioned in passing that the DWP programme was created because it was going after ESF funding. To what extent did the fact that ESF funding is part of the funding of your programme mean that you felt inclined to go down the route of having two rather than one? Was it a reaction to the funding stream, rather than people's actual needs?
Robert Devereux: It is true that it is funded out of the ESF, and the ESF has a particular time frame, so we needed to know what to do with it. The principal reason why the Department set off down this route is because the Prime Minister decided we should do something with those 120,000 and—this is my department—we got on and did something about it.

Q83 Guto Bebb: I will rephrase the question. If it was not for ESF funding, would there have been one programme or two?
Robert Devereux: I do not think that the existence of the ESF programme is the thing that creates new programmes, but the need to take action on people who need further support.

Q84 Chair: But one of you is looking at 2015 on, as I understand it, and one of you is not.
Robert Devereux: Because we have learnt—because at the point at which we were doing all of this, we had started ahead of the process.
Sir Bob Kerslake: For me, as influential was the stage reached in the programme. Things like the tendering process and the expectations of potential providers were as important as the issue of ESF.

Q85 Guto Bebb: Just quickly on the issue of ESF, in view of the fact that there is an underperformance on the programme—obviously it is payment by results, so you are not spending the money—how much of the ESF element of the budgets will have to be handed back?
Robert Devereux: None.

Q86 Guto Bebb: How can you explain that then?
Robert Devereux: Because we've redistributed to other good things.

Q87 Guto Bebb: The ESF funding?
Robert Devereux: Yes.

Q88 Chair: Reading between the lines, the ESF money is being used to subsidise the Work programme, isn't it, Robert?
Robert Devereux: No.
Chair: It is, because you are putting outcomes from the Work programme into the—

Q89 Guto Bebb: It shouldn't be as simple as that—which is why I'm asking the question.
Robert Devereux: Of the money that we were allocated, something in the order of £100 million has gone back into people who have returned from the Work programme, not into the Work programme, and we have put further money into NEETs—another £40 million—to help with offenders and some other pilots. We have not looked at the £200 million and said, "Let's send that back to Europe"; we have got on and used it sensibly.

Q90 Fiona Mactaggart: We have known through research and experience over the years, and we heard it from the previous panel, that the critical thing with this group of families is joined-up working, instead of the parcelled out bits of working that we have. We have to recommend how this programme could become better value for money. It seems clear to me that, according to the NAO's Report at paragraph 12, there has been poor integration of the programmes. At paragraph 2.29, if you just look at the weeks in between decisions, your heart breaks a bit, because you would not have wanted it to be like that—you would not have wanted a decision in June by the DWP, then a decision in October by the DCLG and in November by the other Department, and so on, so that they are running side by side and are not integrated. I want to know what you have done to join the programmes up from here on—that is question No. 1. Question No. 2 is, knowing that we need not just local government and people who work in Work and Pensions, but also the police, the health authority and so on, what are we doing to get data from those bodies to help this work?
Sir Bob Kerslake: I shall deal with the first question and Louise can deal with the second one. You never start from a perfect point, when you do this—
Fiona Mactaggart: But we are trying to guide you about how to improve in future.
Sir Bob Kerslake: I think it is important to make that point, because the alternative was not to have done something on troubled families. We talked earlier about the ways in which we have looked to join it up better. There have been adjustments to the way in which the programme works within DWP, to align the two programmes better. There has also been the sharing of data that we talked about, so that we can ensure that we have data in both directions about how things are going. There have been the secondments, which we spoke about earlier, of staff into the local authority teams. Those are three very practical ways

in which joining up or alignment has happened within the context of two programmes.

Louise Casey: Quickly, on continuation of the Work programme, on the work side we absolutely want to keep these Jobcentre Plus staff based in the troubled families teams post-2015, because the fact that we have got 51,000 markers—to use your language, Robert—is brilliant. We have done a join-up. We know—I know—on a case-by-case basis that there are 51,000 of my 120,000 where something is joining up locally. The data tell me that. That is very powerful, and I think that that is down to the Jobcentre Plus secondees, so I will want that to continue no matter what happens with ESF.

The thing that they underplayed, when they were talking to you, is their tremendous achievement in pulling together. I sat in one of those meetings in Leeds that Jim talked about. A deputy head teacher, the woman in charge of behaviour in the school, turned up, alongside someone from a children's centre and the police officer, and they talked about the list of people who they had generated data for—which came from the police, health and other areas, particularly driven by the local authority. Within that, they talked about the type of cases that they thought that they wanted to get to first and about how they would go about doing it.

Coming back to what you asked us, Mr Bacon, on data sharing as a national issue, I would say yes, it is an issue. Some of it is definitely cultural, but there is a sense that people do not feel they have permission to share data on a national basis. When I am out and about around the country, I tell them, "Damn the culture and get on with it!" The thing is, they sit behind their desks thinking, "Someone back at the centre is going to say that we shouldn't be sharing this data." What we are looking for as we go into an expanded programme is permissive legislation, which says that it is okay for you to share this data. As long as I have been in this business—it is now about 30 years—people have stood behind the words "data sharing" in the same way that they stand behind "health and safety". They are thrown at you constantly.

Q91 Mr Bacon: That was my point—the culture hasn't changed.

Louise Casey: It is changing in the Troubled Families programme, partly because the way we have set this programme up means that people have to get information from education and they have to get information on youth crime. They are all desperate to share what is happening on drugs, alcohol, mental health and particularly domestic violence, and of course they want to look at what is happening with children at risk, children in need and children on child protection plans. That is one of the biggest uses of their discretionary filter. It is in all of their interests to share that data on a case-by-case and local authority by local authority basis. I think that out there, people want this and it is happening. DWP is not the issue. It is this stuff.

As we go into the future, I am slightly worried about the need to sort out with the police and, in particular, the health sector how we are going to be able to share health data safely and well around a particularly vulnerable cohort of families without scaring the horses.

Q92 Mr Bacon: You will recognise this quote: "We need to find out what is happening in relation to all of the data. I don't think that is about someone's civil rights. I think it's about their right to get help and the system's right to challenge them to take it." You are saying that unless you have all of that, the system cannot operate effectively, or not as effectively as it should. The remit of this Committee is foursquare effectiveness.

Louise Casey: Are you quoting me, just so I know? That's me, is it?

Mr Bacon: Yes.

Louise Casey: Well, I was right. Joking aside, what is really frustrating for families is when they have to tell seven different agencies that the same incident has occurred in their lives, because the children's centre, the health visitor, the police officer and somebody else are not prepared to share that data. That is happening less and less when it comes to the troubled families programme, partly because it is of its moment—people know that that is crazy. It is crazy for the families and it is crazy for the system. Of course I think that families need to have a right to make sure that that data is shared effectively, and the system needs to be persuaded, cajoled and, if necessary, told to do it.

Q93 Fiona Mactaggart: I think you are telling us that in this face-to-face networking of a local area, there is beginning to be a willingness to share data. I wonder whether the people who aren't turning up—sometimes the police, sometimes the NHS—are more reserved about it. We have to come up with some recommendations that say how this could work better and be more cost effective. I think, just like Mr Bacon, that the key to it working better and being more cost effective is finding ways of sharing that work. One of the problems in this programme that we have identified is that having two programmes side by side wasn't the greatest way to start. We have heard that you have done your best to overcome that, and you are being quite Pollyanna-ish about it, which is very nice. But from listening to you, I think that you agree with me that there is a problem with NHS data and a problem with police data. Arguably, one of the recommendations that we ought to be making is that there should be some kind of national drive to ensure that, locally, it is not only the two Departments that have learnt through this process that are doing it, but that the other people are, too—the ones who say, "Oh, no."

Louise Casey: That is completely right. We need a sense of giving permission—a permissive sense of giving permission that that is an okay thing to do. It goes right across the system. It is not just about health or the DWP: it is within local authorities. I have some local authorities that do not share data between different parts of their thing, because they will be hiding behind something that says, "We're not really allowed to do it." My view is that the troubled families programme is right out there. We are trying

to push forward and change things on a family-by-family basis. We look around, and we think, "Blimey! This is getting in the way. We need to do something about it." This is one of the areas where we are pushing colleagues within Whitehall to say that we might need something more on data sharing, and that might include something in a Bill that comes out of this House that says, "Get on with it."

Q94 Fiona Mactaggart: So, Sir Bob, what are you doing?

Sir Bob Kerslake: The key thing is what Louise said. First of all, we need to find out on the ground what barriers people are experiencing. Louise and I visited one of the teams, and one of our first questions was, "What is getting in the way of you doing even better than you are doing?" The start of it is getting a very precise sense of where the true barriers are in relation to data sharing—these teams know what the problems are.

The second thing is to understand how much of that is a problem of culture and how much is a problem of confidence—they could do it but they fear that they can't. What is left then is a genuine legal and regulatory barrier that we need to overcome. So, this is about specifics and we have more work to do ahead of the next programme in order to say where we still have genuine barriers that central Government could help to overcome. But I would like to start from the practical experience of the teams on the ground, rather than we invent it from up here.

Robert Devereux: I would be in favour of recommending more. Could we be slightly careful? I have not sent the entire benefit data for every local authority to the local authority just in case one of them is a troubled family. I would rather not have my health records sent across to the local authority just in case I am a troubled family. So, if you want to open the gateway, you have to decide who is on point to say, "I have identified Mr Devereux as a troubled family for some reason and now, police, health, have you got anything to declare?" Otherwise you will keep bumping into data control issues. The good people who worry about data control are doing it for good reasons.

Q95 Chair: A lot of these troubled families with challenges move across local authority boundaries, that is one of the features. What about that and how are you making that work?

Louise Casey: We have identified 92,000 families. They have addresses attached to them. They will move, but they share that information very quickly. I was talking to Colette outside about the movement between Knowsley, Sefton and Liverpool. Basically, what you rely on—particularly in the case of a troubled family—is the fact that we are more likely to know who they are and where they are going than all the other families out there that you might also worry about. So, in relation to troubled families, the local authorities are very wise to this and very clear. They know, because the level of contact with those families is greater, and we can track them through various mechanisms to do with the police, education and others. So they are less likely to go off the radar as they move.

Some of the stuff which we have done through the troubled families programme is to work incredibly hard on pulling local authorities and their partners together. Last year, we did something like 500 to 600 people around the country at least twice a year, where we have gone out and talked to them about issues like how to identify the families early on and how to make that easy for themselves. But we have also put people in a room together regionally. Some of them have not met before, but it is quite a powerful way of sharing what they are doing and why they are doing it.

Amyas Morse: I just want to put a modest proposal to you based on Miss Casey's remarks. What has happened so far has been in the nature of pathfinders to a degree. It has turned out a bit differently to what you thought and it is good that you reacted positively to that. But effectively, looking at the original targets and measures that you set, which are not being fully achieved, instead of spending a lot of time talking about that, perhaps we should say, "Well, when are you going to put in some measures now that you are seeing this reconfigure. It is going to become a single departmental programme and have a number of different features. We are going to need to understand what the value for money is. Is there some intent to put some planning parameters in place?"

In effect, is this a restart or a re-basing of how we should be looking at results from the programme, rather than saying, "Let's look at what was originally thought of."? Some of these local authorities had to take much longer to get data together; to be able to approach the issue. They have told us that. Do you really feel that you can perform according to the original parameters? It is going to mean an awful lot of performance in the last two years of this programme, isn't it?

Louise Casey: Yes, is the answer.

Amyas Morse: Yes what? I am trying to be helpful.

Louise Casey: Yes, we will deliver and yes, we will stick to why we set this up in the first place. This is a families programme that is attempting to change the lives of families very fundamentally. It is not a work programme; it is a families programme. We are sitting on 92,000 families out of the 120,000 that local authorities have the names and addresses of. We know who those families are and have been working with 62,000 of them. And, of course, we have already turned around—to use the lingo—22,000 of those families. The way we have structured the programme—your colleagues know this—is that we went for 35% of the 120,000 in year 1 and we have gone for 50% in year 2, which we are in at the moment. We will manage the risk of what you are talking about, going for 15% in year 3, where also the incentive on local authorities to deliver the results is much greater, because they get a small amount of attachment money—I call it up-front incentive money—which Colette said was useful and they get the balance in results.

It would have been easier for them if we had had a cumulative programme that said, "Look, you can start small and get bigger." But it was right for us to say, "Be bolder about how you go about doing this," so

we were bold in our intentions, asking them to come in at 35% in year 1, and they are now at 50%. The progress so far on the troubled families programme—in my view, down to local authorities and their partners—is impressive. I know that you are saying that we are underperforming by, I think, 13% and now 9%—

Amyas Morse: I am not saying it is unimpressive; I am just saying that what you said you would do is not being done. That is not a bad thing, but don't you need to think about that and say, "Well, are we measuring the right things?"?

Louise Casey: What I said we would do is turn around the lives of 120,000 families by May 2015 and we intend to do that.

Q96 Chair: Actually, I think the issue is stronger on the DWP programme, because, as I read it—correct me if I am wrong—you are constantly moving the goalposts to use the money. I do not mind about that, if it is using up the ESF money, but how you get the referrals through to your programme changes: the providers can now decide who they put into the programme. I cannot work out if this is different from the Work programme. Are you picking up a different cohort of people?

You also change who is responsible for delivering, in that the Work programme is now responsible for delivering 4,000 of the outcomes. Again, I can see the ESF advantage of doing that, because you shift some of the funding for the Work programme on to the ESF, but that is not what you originally did. You get outcome payments on different issues now in DWP from what you got before. Your internal audit was extremely critical of you. Is it all about ensuring you spend the money, or are you really changing the nature of what you are doing?

Robert Devereux: It is not just about how we can spend the money. What the facts make perfectly clear is the amount of referrals that providers thought they were going to get, having talked to local authorities to establish that in the first place, have simply not materialised. So we are operating at—

Q97 Chair: Are they the same people who are on the Work programme?

Robert Devereux: No, the characteristic of this group is that we are trying to find people who have even more constraint than simply being long-term unemployed.

Q98 Chair: Are they a different bunch? If I am sitting there in JCP, for example, trying to think whether I will refer someone to the Work programme or to the ESF troubled families programme—I hate the name—do I, as an official in Barking jobcentre, take a different judgment? How do I decide where to refer my people?

Robert Devereux: A lot of the people who are on the ESF programme are on income support. The Work programme is deliberately taking JSA cohort and ESA cohort, but a large percentage of ESF is going on people on income support—carers or lone parents—so we are trying to find complementary provision here. The reason why we put in payments for progress measures is precisely what the gentleman said: if the issue for a family is sorting out domestic violence, then we had better make sure that we try to sort out domestic violence before we do something else. We have not pitched this programme, despite the way it has been constructed, as purely about employment; this is an employability and employment programme and we are trying to move people towards employment. We have consciously chosen to say, "Tell us what sorts of interventions you think would move people closer to the labour market and, in due course, into the labour market, and we are happy to pay for you to do some of that preparatory work." That is what the progress measures are.

In a world in which my CLG colleagues have simply gone for attachment fees, where you get some cash for attaching, we have said, "Actually, there is no attachment in this—we will pay you for doing something." Whatever view you take of the intervention that might help with debt, drugs and domestic violence, it is difficult not to see, for a very complex family, that knocking those things over one at a time gets them on the path to employment.

The only reason why we changed the payment basis is because if you engage with people on an expectation of what they are going to receive and then you find out that referrals have gone down, you have to produce something or otherwise they will be significantly out of pocket. We have not paid any more money for three progress measures than we set out in the contract. We have simply enabled people to start being paid for one and two, rather than just for three.

Several of you have asked about the programme's value for money. The sums of money we are spending are typically, for a job outcome, on average £1,500. Many of the families are on weekly benefit costs, which are £300 to £400, and, in one that I have seen, £960. We are talking about a week or two's benefit in many cases. If those week or two's benefit costs have actually moved the domestic violence or the debt issue further on, it seems to me you are in quite a good space in terms of the value for money. We are not spending tens of thousands of pounds per person here.

Sir Bob Kerslake: May I just add, as the accounting officer for the troubled families programme, I think the fundamentals of the programme are right and have been demonstrated through the success so far, which I think is impressive. The biggest thing we have achieved is the level of commitment from local authorities to turn round 120,000 families. Clearly, the data you have got covers half the period. We have more data coming through that will be published in March. From what we know now, that is showing continuing strong progress, so I do not think there is a need to change the fundamentals.

The big challenge for us is to continue to work with those authorities that are not performing as well as some of the ones we saw today to get their performance up. That gap is closing, on the evidence we have, but we have to close it further still.

Q99 Chair: Under the terms of the ESF you have to meet the 22%, and you are miles from that.

Robert Devereux: No, we agreed with the ESF that this sort of programme was a reasonable thing for ESF to invest in. The 22% is the going rate that the fund or the administrators expect to do. That is based on data back in 2008–09, pre-recession, with groups of people who were easier to help. So we set 22%, because at that stage we wanted to be challenging. We are reaching, in some of the data we published yesterday, cohort rates of—on some of the JSA groups—12%, 13% or 14%, so it is not 22%. Again, coming back to where we started—

Q100 Chair: You know how we love it when you publish data the day before a hearing, particularly when it is data called experimental—
Mr Bacon: Experimental statistics.
Robert Devereux: These figures are moving very quickly and you will have noticed the difference in the data we published two months ago.

Q101 Chair: Well, you know what we feel about it. It is the usual thing. You do it every time.
Robert Devereux: With respect, I do not do it every time.

Q102 Chair: We work with NAO Reports, and we certainly do not work with experimental whatever it is, because that means it has not been verified by the ONS.
Robert Devereux: With the greatest respect, that is not what it means. I have professional statisticians in the organisation who are allowed, within the arrangements they have, ad hoc statistics.

Q103 Chair: Tom, does it mean it has not been verified by the ONS?
Tom McDonald: There is a process that statistics have to go through to be certified as national statistics, and experimental statistics have some shortcomings or differences before they have reached that process at the sign-off stage.
Robert Devereux: Not everything that the Government has information on is put out in official statistics. That has nothing to do with the quality or the veracity of it.

Q104 Mr Bacon: Hang on a minute. You say it has nothing to do with the quality, but you issued seven caveats in your press release. That presumably means seven reasons why this might be all wrong or might be a moving feast. "Marker Coverage: Current coverage of the programme provided by the DWP marker is partial. This analysis is based on the 51,300 *individuals*".
Robert Devereux: It is partial in the following sense. You have just heard that we have put all these advisers into local authorities. They are working rapidly with their colleagues on identification, as per the data-sharing request that you have just made of us. As things currently stand today, it was at 50,000. Two months ago, it was at 20,000. There is a huge change going on. The only reason I wondered whether it would be best to put it out is because it is moving fast, and I do not want to leave you with the impression that it is not.

Q105 Mr Bacon: When you have a fast-moving picture with so many different caveats, which could mean that any individual number is inaccurate and could shift the figures in any direction for nearly any reason, and when there has been no opportunity for the National Audit Office to examine or validate them, how much use is it to anybody?
Robert Devereux: The National Audit Office has used the previous release in its updated figures.

Q106 Mr Bacon: Not the one from yesterday. This was dated 28 January, wasn't it?
Robert Devereux: There were two. Which one are you looking at? The markers one?
Mr Bacon: The troubled families programme, not the ESF one. The one with a whole load of caveats. It is Caveat city, Arizona.
Chair: We will move on.
Meg Hillier: I shall resist the temptation to say something positive about those figures.
Robert Devereux: Do.

Q107 Meg Hillier: I just feel I might be outnumbered by my colleagues on this. I know when I'm beaten. I want to touch briefly on the data. I don't want to reopen the whole data debate, but my local authority says that this issue of deep diving into everyone's data is challenging. I know that when I dealt with data as a Minister there was a Cabinet committee looking at positively saying, "data is for Government to share" and positively sharing it.
I am disappointed and dismayed that we are still having those battles, but the key question is, is there a plan to have some sort of database for the troubled families programme? It does not necessarily need to be one database, but some sort of key-code access, so that if I were, say, a health visitor, I could access the education database—probably not the police national computer, that is a slightly different arena. I hesitate to talk about creating a new database, but could there be one accessible route in? Is that something that is in the landscape at all for the long-term planning of this programme?
Louise Casey: It is on a locality by locality basis. As Bob said, we were both up in Knowsley on the Friday before last where they have one register, as they call it, of their currently identified troubled families, where they are in the programme and what is happening to them. It is in a wider sense as well—they are looking at domestic violence, family functioning and parenting.

Q108 Meg Hillier: But they had to compile that.
Louise Casey: They had to compile it themselves; that is a good thing for them to do, though, not a bad thing, if you see what I mean. I still think, without labouring it, that though it is great that they do that, we need health and police at a national level to give permission to people locally to pitch in with their own information. Most people are doing it at a local level, but that would be good as we move into the next programme. I have to remind you, though, that we have identified 92,000 families across these types of criteria, so as much as it has been a frustration—I have probably shared more of that frustration than I

should have—nevertheless, it is wholesale forward from where we were 12 or 18 months ago.

You heard Jim from Leeds; they have learned so much about how, even within the local authority, they could get some of this done better. The clarity of the scheme is that we are trying to get to the most problematic families that cause the most problems—have problems and cause problems, are troubled and are troubling—that has been the sharpness in the programme. The other thing to remember is that in order to claim their money they have to be able to prove that they are in education and that they are reducing crime. So the whole data thing has been quite a steep learning curve for everybody, but it is clearly the right way for the public services to go.

Sir Bob Kerslake: It is really important that we don't get too downhearted. From what I saw in Knowsley, it has moved on in leaps and bounds since I was a chief executive in Sheffield. The level of collaboration on known individuals is in a different place.

Q109 Fiona Mactaggart: May I ask one question about those individuals? Are you confident that appearing on such a register does not give them problems when it comes, for example, to getting loans and to other bits of their lives?

Louise Casey: The irony is that they are on everybody's registers for everything already. If only I was starting with them being great and not committing crime and not being stuffed in children's services.

Q110 Fiona Mactaggart: Are you confident that this is not adding to those problems?

Louise Casey: I am absolutely confident it is the other way around. The irony is that intervention through this scheme into these families is life-transforming and it gets them into a significantly more positive place. They have people surrounding them who actually turn up at these various programmes, courses and interviews that they do in order to get them through it. If anything, I sometimes feel that we worry too much about this stuff. The most fantastic people do this stuff. They are called family intervention workers or family support workers. They work their magic with these families in so many different ways, and one way is that they get consent and they say to them, "Look, you're facing extraordinary difficulties. You're going to end up being evicted from your house. You may end up with your kids being taken away. Your kids are up to their eyeballs in trouble. Take help from this person, and we'll help you through it." They are the sorts of conversations that are had with the families. The families are not saying, "I don't want you to share my data." Honest to God they're not. If they were, we would be running a different type of programme. The families are saying, "Would you all get lost so I can get on with my life?", and we say to them, "We're not going anywhere till you change the way you're behaving, you get your kids to school and you let us help you." That is the dynamic. The tension in the scheme is about having it out with the families in a very honest way, saying, "Look, you're up to your eyes in this difficulty. Please let us help you." That is where the tension comes; it is not about data sharing. Everybody likes to talk about data sharing, but that is not the problem.

Q111 Meg Hillier: It might be a Westminster bubble discussion. I want to raise one practical thing, though. Let's say that you are in London and you move from, say, Hackney just to the neighbouring borough of Islington. The Met is in one place, but most of the other bodies are not. How does the data set move? That may be a bit detailed for you to answer, or is it something you are thinking about, because it is a challenge?

Louise Casey: I would feel nervous about being too know-it-all about that, Meg, to be honest, but my sense is that certainly between, say, Hackney and Islington, it would not be a problem, because the teams are linked in with each other and people follow them. The other thing I want to say anecdotally is that I do not feel a huge amount of movement in these families. They have lived on estates in particular areas for a long, long time. There is some movement, but they are not running around the country.

Meg Hillier: Okay. That's very helpful.

Louise Casey: Anecdotally, it doesn't feel that way.

Q112 Meg Hillier: I'm sorry, Chair, but I have quite a few things to whizz through. The answers could be shorter to some of these questions.

The measurements of success for education and employment are potentially quite long term. In the time scale of the programme, you are measuring success, but there is also a longer-term time scale. Is there a point at which people drop off your national radar? I ask that because value for money is really important. If somebody is meeting your national criteria, but then they drop off a month later, will you still follow them, even though the money does not follow at that point, because there is still a saving to be made for the taxpayer and for the family?

Louise Casey: Yes. I am very keen to come to savings and money, because that is a really important part of what the programme is about, but in terms of what you are asking, I think Jim Hopkinson from Leeds started to talk about it. These people manage the cases; they manage the families; they work with the families. At some time during that relationship, they may claim a result. That does not mean to say that they walk away from those families, because they have no incentive whatever to do that, because the minute the families drop back into problems, their cost goes back up.

There is a division in my mind between working through the 120,000 families, changing the families and doing it for a generation of children—that is why we pitched it so hard in the comprehensive spending review last year that this would go beyond the life cycle of this Parliament; we are all pushing towards trying to change things over three to five-plus years—and the evaluation, which looks at a much longer and much wider set of success factors. Success for me in relation to the 120,000 families is a lot wider and a lot bigger than a reduction in crime or a significant improvement in school attendance. They are really powerful signals that something really good has happened in the household. Let's say that I am dealing

with a highly dysfunctional household. There is a drug-addicted or alcohol-dependent mother who is living with endless domestic violence and goes from partner to partner. In terms of getting her to see that getting her kids to school is essential, we are not doing pieces of work with her; we are not having conversations with her. We are saying, "We need to help you to go from here to getting your kids into school," so of course payment by results adds a sharpness to this programme that nothing I have ever done or been involved with before does, because the point is not how many bits of work you have done or how many home visits you have made; it is whether the person has changed and is now getting their kids to school. But what that signals, Meg, is a much wider change in what is happening in the household, so our evaluation goes further. It looks, first, at a far wider group and, secondly, at a far wider range of problems, because clearly we are interested in things such as domestic violence, which I think one member of the Committee asked a colleague about earlier.

Q113 Meg Hillier: According to the NAO Report, 43% of local authorities are budgeting on up-front payments only. Do you have worries about that—that perhaps they are not confident that they will meet the targets, they are just not planning that money in or they are not going to use payment by results for this programme? I am not quite sure how I read that.

Louise Casey: Bob might want to talk about his experience in Sheffield, but I will give you my sense of this. First, that survey was done quite early on.

My sense is that local authorities are not fooled. They know that these families are high-cost families. There is a difference between prudent budgeting—keeping their directors of finance happy and what you heard about from Leeds—and actually knowing that they need to turn around and change these families. Of course, they signed up to deliver the numbers that we want and they are absolutely clear that they need to do that through a system, transforming the way that they work with families.

I think that people underestimate it—we have examples like the health service in Leicestershire sticking millions into the joint pot, we have Peter Fahy in Greater Manchester who has seconded police officers into family intervention teams, and we have Wandsworth, where they have mental health workers, clinical psychiatrists and somebody that specialises in behaviour of children. The amount of gifts in kind and joint working at this stage in the programme is incredibly impressive. I think that there is a difference between people managing their finances and getting on with the job and what is actually happening.

Sir Bob Kerslake: Just to reinforce that point, I think that many authorities will take a prudent view about planning for money that they might not get. It is not that they are unconfident about the outcome. We have had these kinds of models set before by Government, you set the performance reward grant and most authorities did not budget and get the money.

The second point was made about Liverpool, by Colette, that even if they get the money, what they are saying is "We will reinvest that back into long-term strengthening of our training". This is a relatively small amount of money for a local authority; they are not doing it for this money, they are doing it because it matters to change these people's lives.

Q114 Meg Hillier: It saves them other money perhaps. In terms of the lessons learned about rolling out best practice, this is where, nationally, you have a real focus on it. When the last Government were in power, there were a number of anti-poverty intervention strategies, some of which worked well and some that did not, but there was not really a tough analysis of which ones worked best and the decision to drop the ones that did not work. How tough are you going to be on that analysis and do you have any future plans to look at doing this for individuals? At my surgery on Monday there were individuals who would never qualify under the family criteria—some would not qualify because they did not have teenage children and that is another issue that we do not have time to go into—but they equally are costing the system a lot of money and need support. Is there a plan—maybe this is for Sir Bob—for rolling this on further?

Sir Bob Kerslake: If Louise wants to come in specifically on troubled families and I will come back on the wider point.

Louise Casey: I suppose I feel very passionately that the reason that this programme works is because it takes real families with real addresses with real problems and it gets everybody to sort them out. The most important thing that it does is to get family intervention going into the household. I think that the interaction between the state and the family is very different. I call it the five factors of family intervention: it is challenging, it is assertive, it is practical, it is trusting, it is the dedicated worker. It is one plan, one worker and a commonly agreed agenda. All those things sound really easy to say but, in the history of working with these families, they are well-nigh impossible to achieve. This programme gives real welly behind it.

In the age of localism, one thing that has been quite interesting for me—because I have worked under different programmes including the ones that you have described—is that the relationship between our central team and the local authorities and their partners is absolutely vital. Because this is a really hard thing for them to do, I think that we work together in a very intense and close way. We are relentlessly doing visits, making phone calls and listening to what is working, we are trying to reflect back and we are a very hands-on programme. I know that it is an odd thing to say because it is a PBR, but the relationship between us and the local authorities is absolutely vital. I think that that is why it works.

Q115 Meg Hillier: So you are rolling out best practice already?

Louise Casey: Constantly. Our constant job—

Q116 Meg Hillier: And best value for money practice as well?

Louise Casey: Yes, we did a costing of troubled families, nine months to 12 months ago, which was our first foray into trying—everywhere I went, people

would say to me "I have a family, Louise, that costs this amount of money", and they almost enjoyed telling me how much they had cost. That approach does not work when you work in jobs like mine, it has to be significantly more rigorous than that. So we actually did a report, very much leaning on some local authorities to help us, that worked out how you could start looking at the cost of troubled families. About a year later, what is really interesting is that we are now putting together this thing called a cost calculator.

The bottom line is that three local authorities that have gone into this with us in a lot of detail know the costs. Manchester knows that for every one of their troubled families, it has a net saving of £35,000 a year. Leicestershire county council, has a net saving of £27,500 a year and the London borough of Wandsworth, which has also done this, has a net saving of £29,000 per year per family. That is a cautious estimate—in fact, it is not an estimate; it has been done thoroughly by partners and analysts, and the Treasury is happy with what we are doing on the cost calculator.

The NAO Report is absolutely right to say—I will not even look at Amyas because he is probably thinking that I am overstepping the mark—that we do not have a fiscal analysis and that we have one coming through the evaluation, but those authorities are doing this because these families cost a huge amount of money and they do not want to leave them in poverty with the disadvantages that has.

Sir Bob Kerslake: In terms of shared lessons across government, there are three really important ones: one about shared endeavour between central and local; one about focus on outcomes through the payment by results; and thirdly, encouraging local partnership. We are specifically drawing from the lessons of troubled families to see how they could apply to the better care fund model.

Chair: We have a lot of people with questions, so keep it tight guys.

Q117 Nick Smith: First of all, like others, I am pleased that you are sharing data. It is great that you have joint working. Louise, you talked about having sometimes to work between 10 and 30 agencies. It is great that that is happening. I am convinced that you will save a shed load of money and a lot of grief in a lot of communities around the country. I also think that you have a fantastic ambition on turning around people's lives, and I think all power to your elbow.

Lots of big numbers have been bandied around though, and I am just a bit unsure about some of them. You have talked about working with 90,000 families now and 120,000 by 2015, and then talked about working with another 400,000 between 2015 and 2020. It is ambitious, but it is really, really ambitious. When Mr Hopkinson was talking about what was going on in Leeds earlier, he said, "I am working with 2,000 families, but there's only another 1,000 to work with." There seems to be a disconnect between what he was saying was happening—the prevalence in Leeds—and what you are saying the big picture is nationally. Give me a bit more comfort about that.

Louise Casey: Of course. Let me try. We start with 120,000 families and agree with local authorities their portion of those, of which Leeds, in terms of where we are in the 120,000, is at 2,190—or something like that. It has done its own analysis and, as Jim said, it was slightly ahead of that. It might have more local criteria that it adopts. It was saying that it thinks 3,000 families in Leeds might need or benefit from this type of approach. I am fine with that. Part of the benefit of the programme is that they need to deliver a commitment for each £4,000 we hand out—of course they must—but if they can restructure their services to be significantly more effective for a wider cohort of families, great. They are not daft, these local authorities.

Places such as Liverpool, Leeds and Newcastle are using the programme and using the small amount of money that we are giving them, which, as Bob says, is a bit of a drop in the ocean, and using it to invest in services in a different way. For example, the local criteria is heavily used for things such as edge of care—kids at risk of care, kids on child protection plans. Every time we properly solve what is happening in a family, which means that a child does not have to go into foster care, you are saving £40,000. There are lots of reasons and lots of things they can do with the programme that help them more generally.

Your next thing of course is—

Q118 Nick Smith: You want to scale it up.

Louise Casey: We want to scale it up.

Q119 Nick Smith: You want to expand it by six times what Leeds needs scaling up by.

Louise Casey: And part of that is the recognition that there is no shortage of families in the country that might benefit from a different approach. They may have slightly fewer problems than the group we are currently working with. I am keen, as we move into the next phase, to look at families with slightly younger children so we can get to families slightly earlier. The nature of the programme, as we put it in at the moment, is to look at school attendance and youth crime. That naturally takes me to a slightly older group of children. They won't have any trouble, I don't think, in identifying families in places like Leeds to populate the next programme. Remember that £400,000 commitment goes over the lifetime of the next one. It is not just all next year. We will only do a portion in 2015–16. It is a three-year period.

Q120 Nick Smith: It is three times what you are planning to do for this Parliament.

Louise Casey: But it is the right thing to do, isn't it? By then we will have turned round families. We know how to structurally do some of this reform. People need to do it because they've got to save money. We have to save money and we have to stop these families ending up in the enormous difficulties where there is a young offender doing five or six offences in six months, police calls-outs up to the eyeballs and people using A&E because they don't have a clue how to use Calpol. We cannot carry on like that and this programme gives it a real edge in terms of making people get on with the job in quite a robust way. It is quite a tough programme. I think that is what you are

saying to me and I think it is extraordinarily ambitious, but if we are determined about it I think we will get it right.

Q121 Nick Smith: Thanks for that. I support the need for it. It just seems very ambitious. I am interested in why you have set it so high. Again, Mr Hopkinson from Leeds talked about being successful with 35% of families. That felt excellent. And you talked about turning round lives for the 120,000 families that you are working with. So what about the 65% who have not been successful so far? What will happen to the very, very troubled families? Will they be part of the next cohort for the next Parliament? Will you work through because there will still be a job of work for many of those families?

Louise Casey: There are two things here. In places like Leeds we have a year and a half to work this through with local authorities. So, yes, Jim is at a 35% projection at the moment. I am confident, as are they, that in Leeds that figure will go up. Remember the way we structured the programme meant we started asking them to get 35% in year 1, to start working with 50% in the current year and 15% in the last year. So we are managing the risk, including in places such as Leeds, about how much money we hand out and how we encourage people to do it. It is ambitious. This is extraordinarily ambitious. I was working under a previous Administration when we set up family intervention projects and brought them down from Dundee into England. These are trying to get to families that we know have intergenerational problems. But there is an edge to the programme with the sense of getting them to school, reducing crime, if not getting them out of crime. We are more ambitious than any other Government programme on that. People want to do it. I feel very confident about it, to be honest with you.

Q122 Chair: I am intervening because I just want to ask you a question. Those things are good but how are you going to sustain them? How are you going to keep them working towards contributing to society and not costing money to the public? They are okay. They are not the ones who will make it sustainable. Getting into work, getting out of poverty: those sorts of things make it sustainable and I am slightly iffy about this. It is good to have key criteria but are they ones that will give you sustainability for the programme?

Louise Casey: It is one of the areas that I am concerned about and very much turning my attention to at the moment. I know through the research of the NatCen on family intervention of the five years from 2005 onwards that the sort of sustainability is incredibly impressive. Maintaining kids in education 14 months after family intervention has gone is something like 89%. It is high already. Family functioning is key if we are going to get them to Robert's Jobcentre people. Something like 84% are assessed to be high family functioning 14 months afterwards.

The risk for me as a programme manager on this is that I cannot force every local authority to do family intervention the way I want them to do it. I can charm, menace, induce, do good practice, write things called "Working with Troubled Families" and so on and so forth; but that is the factor that will change the intervention with the families.

Last week I was in Cowgate in Newcastle, which is an estate which is well known and has improved immeasurably. I was there looking at a voluntary sector project and what Newcastle troubled families people want to do. I think David Holmes from Family Action was talking about the use of the voluntary sector, so that once you have gone through the intensive programme—the short fat intervention, which is what family intervention is—you are not just left on your own, but we actually think about how we start to use the voluntary sector and the community to sustain those changes.

Work is going to be a major issue. We have got places like Manchester and others that see this programme as part of their growth agenda, so the importance of maintaining the Jobcentre Plus co-ordinators in our troubled families scheme just cannot be underestimated. We need to keep that going and if possible expand it, because I know, like you know, the best solution for all these families is to get them a job.

Q123 Ian Swales: There are certain things we look out for as potential issues, and one of them is payment by results. The Report says at paragraph 16, "Early indications also suggest that the incentives may not work in the way that the Departments envisaged." I am just wondering what you—particularly Louise—think about that.

One could argue, when you listen to the evidence of the chief executive of Family Action—I think you were here for that—and some of the quite small changes, like diet and things like that, that actually need to happen, that the payment by results methods may not be covering that kind of work and indeed may mean, as we see in other programmes, that people tend to work with the families where they are most likely to succeed, and the most troubled families might actually fall behind. So how do you react to that?

Louise Casey: I think the first thing to say is the voluntary sector are independent and need to make up their own minds about how they work with these families and however long they think it takes, and, quite rightly, stand up for what their organisation believes is the right way of working for them. The Government and local authorities have to make sure that they change the way these families, basically, absorb resources; and at the same time there are quite a lot of us that feel quite strongly about making sure these families improve their lives, so their kids grow up safer, happier and—

Q124 Ian Swales: Sorry to interrupt. I totally support the programme. I am not being critical of the programme. What I am trying to say is: payment by results—is there a risk that it has any perverse incentives; for example, not working with the worst families because you are less likely to get the results?

Louise Casey: Honest to God, I think it is the opposite; actually we have factors that include the local discretion one, which is about high cost. We

know, because it is in the NAO Report, that local authorities are using that fourth criterion for things like—75% of local authorities are using one of the care factors as their local criteria. Of course they are doing that because, like all of us do in the public sector, they give a damn about the children in those families; but, boy oh boy, they need to reduce their care costs. So this is a programme of the head and the heart, I think; and I think that is why it is such a powerful combination.

I also think we had to be very clear at the beginning that we were not going to micro-manage. I do not think anybody would mind my saying this; at one point we had 78 indicators from our colleagues in Whitehall, two years ago, across each Department, all deciding they wanted to stick whatever they thought was important into my PBR—or our PBR, forgive me Bob.

We had to fight all of that off, to get something really straightforward, which is if we just got every kid in this country to school from the age of four or five and kept them there safely all day, so they could learn something, we would change social policy overnight. So we went for that one; and of course safety in the household. Crime is not a good thing for anybody, and therefore we went for crime; and of course we went for a kind of absolute—if you get them in a job, you can have the money.

A woman I met not long ago suffered domestic violence, you know, a terrible case; getting her a job meant we had to solve everything that was happening in the household—and get her a wig, incidentally. Some of the things these families are up against are incredibly practical; and the confidence from having the right dentures or wig is not about a social care assessment that takes 31 days. It is about hearing her say, "I can't leave the house."

Sir Bob Kerslake: Can I just make two points on this issue, because it is a really crucial point. We spent a lot of time thinking about the design of payment by results. What persuaded me was that first, it needed to be kept simple and secondly, we should not overestimate the sums and the motivation. The motivation for local authorities is vastly outweighed by the impact on their other costs. It is simply not in their interests to game the system.

Q125 Ian Swales: Except that you have private providers in some parts of this area. You have other providers. This is what we have seen in other Departments. Overall, nobody is going to game the system, but my question was really about bringing in a provider and giving them a particular target to meet. Not surprisingly, we find that those organisations drive to try to meet the target. Sometimes you find perverse incentives—on doctors' out-of-hours services, for example.

Sir Bob Kerslake: That is a wider point about payment by results. The point about the troubled families initiative is that local authorities identify the families who need to be worked with. That is the key point.

Tom McDonald: As the troubled families programme evolves, what have you learnt about the use of payment by results in this part of the programme that is informing the design? Will you do anything differently if you are working with 400,000 different families, and a different set of services? Have you thought about how you might change the payment by results mechanism?

Louise Casey: It is too soon for us to make any public pronouncements on that. I include speaking at this Committee as a public pronouncement. We have just consulted with all 152 local authority troubled family co-ordinators, and we are going into a period of talking to people, including from the voluntary sector. The long and the short of it is that there is something incredibly, breathtakingly radical about not just having endless bits of work with families. For example, you might meet a woman who has been referred to the freedom programme on domestic violence four times; somebody has paid for that four times. You know that it is a total waste of money because if it is a domestic violence course, she is not going to make it, and what she needs is a different approach. We need to work with these people in ways that get us clean, straightforward outcomes. I would worry about anything that goes forward that ends up with some Whitehall tryst of endless factors and endless complications.

Q126 Ian Swales: I agree with that. Can I finish by adding another point to do with the alignment of benefits and costs? I met six recovering male alcoholics in my constituency who themselves calculated that they had cost the system over £1 million between them, and yet we were struggling to get the kind of services they needed to move on. The real issue is that troubled families—the report estimates £9 billion, and I would not argue with that—cost the system a fortune. It pops out in all different areas. We are spending money out of some budgets and the benefits are in others. I think we all agree that this is something of a no-brainer, in terms of "let's do it", but are you satisfied that the transmission mechanisms for paying for it align sufficiently with the benefits, so that we can push this as hard as we can, or are you seeing some breaks in the system or issues that say this is undermining our ability to do this?

Louise Casey: I do not think we have anything that is about a break in the system. I think we need to look carefully at how we want to structure a future programme, which, as your colleague Nick said, is huge. We have gone from 120,000 to 400,000 families. We need to think very carefully about the learning from the current programme, and the feedback we have had from local authorities and others, when it comes to how we structure a new one. Even in this programme—it will be the same in the full one—we are not meeting the full cost of the intervention with these families from this budget. Some of that is borne by us and some by people locally. We have already established a programme, and I think it would be same for the others, where people are beginning to see that you have to reduce the resources.

Can I, in fairness, pick up on the question that Meg asked? There are lessons in the way that Bob talked about how you might look at other high-cost groups

and work with them differently. I used to do the homelessness job; it is obvious that other high-cost groups would benefit from a different approach. I have to say, having been around for such a long time, that we have to do something about children growing up in these households; I often feel that they are the victims in this debate. I am not prepared to say, "I tell you what, I'll water down my programme to deal with lots of things and walk away from potentially hundreds of thousands of children", because in six or 12 months, or sometimes shorter, we can change what is happening in those households to the degree that they do not have to end up in care or in a young offenders institution. That is how powerful this programme can be.

Q127 Ian Swales: Just to finish my point, you talked earlier about the cost calculator. Policy makers who want to support this programme will need evidence—for example, fewer people in prison—and we can work out what the benefit of that is. I asked the previous witnesses about the extent to which they are measuring the benefits of it. Are you geared up for the policy makers to be given a completely "sign here" kind of proposition, because the benefits are so clear and are based on reality—not just assertions or ideas—as a result of the fact that we are tracking what is happening more?

Louise Casey: We have let a huge, in my view, evaluation contract to a consortium called Icarus. Within that, there will be a cost-benefit analysis done by—I can't remember who they are, but they are terribly good at their job. There are other people, but we have got the best. We have MORI doing some stuff and whatever-they-are called doing the finances. I think you are absolutely right. I am nervous about things like this, so I talk about what I think the programme is about, which is the children and the families, but I am also very hard-headed about the fact that the programme has to prove itself. It has to prove its worth, otherwise we need to find a different way to work with these families. We have to change the way these families are, and we have to change the resources. You are absolutely right to go on to me about it. You are completely right about it, and I hope that the evaluation will show us whether we are getting it right, and if we are not, where we can improve it. The thing to reassure the Committee about is that the evaluation goes far wider than the simplicity of the PBR, so it is looking at a much wider set of data. We are all pretty driven about the stuff around costs, because if we can save costs around these families, we might be able to use that money for other families in different ways. We are all with you on wanting to find ways to save money.

Q128 Mr Jackson: You are very taciturn this afternoon, Mr Devereux. I know it is difficult to break into the Bob and Louise show, but I will give you an opportunity.

Sir Bob Kerslake: I am happy to sit—

Mr Jackson: Yes, you can have a rest, you two. In fact, Sir Bob, I have not seen you so animated for many a session—there is a spring in your step. I have a genuine question, Mr Devereux, on figures 9 and 10. To what do you attribute the seemingly exceedingly poor performance of Reed in Partnership in the east of England, in terms of attachments and claims for outcomes? In that period, it is very low. In the case of figure 9 on page 33, it is 7% of the indicative target and 20% of the actual sustained job outcome. Is there a particular problem with the east of England or Reed in Partnership?

Robert Devereux: There are two answers to that. Part of what you are seeing in figure 9 for all the providers is the low extent of referrals from local authorities to them, so those are not self-generated numbers. The Chair asked me earlier whether we had found ways for other people to be referred, other than local authorities, which we have done. The 7% and the variation there is largely to do with what has been provided to them, rather than what their action is. You then have to say, "If they have had so few people coming in, what would you have expected to see on the outcome measure?", since, again, absolute numbers are being quoted here. The truth is—

Q129 Chair: Sorry; 7% of what? Actual against target?

Mr Jackson: Yes.

Chair: Yes, I've got it. Go on.

Robert Devereux: It is against an interpolation that the NAO has done. It is a low number, but there is no pretending that there isn't variation between the providers, which are, in turn, producing different sorts of conversations with my colleagues about what they can do to improve on that, where they can learn and what they must do with better marketing and so on. You all have experience of different providers in that regard. You have chosen Reed, which is struggling in some areas. The first page is about referrals and the second is about the extent to which, with low referrals, you end up with low results in the short term.

Q130 Mr Jackson: Are you going to try a remedial strategy to tackle that in the east of England? Obviously, that is my neck of the woods, and it is concerning that it is not keeping up with even the worst of the other regions where contracts have been awarded.

Robert Devereux: We are doing two different classes of things. First, we are working with local authorities and providers to generate more referrals. The data, which were published a long time ago—I am not introducing anything new—made it perfectly clear that in the six months to September 2013, twice as many people were attached than in the 15 months up to March 2013, so the pace at which we are beginning to fix this is increasing. The numbers are likely to go up further still in the future, and that is largely because of the secondments that send staff into local authorities. We are breaking down the lack of knowledge about and antipathy towards the providers by having our own people work with local authorities and deciding which individual is best sent to that provision, as opposed to being sent to the employment or education provision. We are working on the referral bit.

Separately, we are asking—we are basing this on the current month—"Given the referrals you have had,

where do we expect a good performer to be?" We are challenging ourselves to get to 22%—we know we are not there. We are asking, "Where should you be? What are other people like you managing to achieve, given the number of referrals?"

Although I hesitate to refer back to the stuff I have published—I am trying to help you out—the cohort information gives me some information about the rate at which I should expect other people to get people into work, so I can say to Reed, "Look, although you've had fewer referrals, by now I would have expected you to have achieved this, and you are not doing it. What are you going to do about it?" Both those things are happening now.

Mr Jackson: Thank you for that very comprehensive answer. Ms Casey, you have a passionate interest in this issue and a very good command of the facts, and I want to understand this. Obviously, after the riots in 2011, there was a strategic view in Government about the value for money that a troubled families programme would deliver across the whole country. You mentioned some figures for local authorities—I think Manchester, Wandsworth and Leicestershire county council. Were those figures broken down at the time for each local authority, and if not, will they be now? Our local authorities are going through the budget-making process now, and they are all saying that they are having to make difficult decisions. From DCLG's point of view, is the troubled families programme a tool for letting them know the indicative figures? That is my first question.

Secondly, I am interested in the mechanics of how you get the balance between the carrot and the stick. Local authorities are under day-to-day pressure—they might have serious case reviews or a serious shortage of qualified social workers. Where is the stick there? Many directors of children's services will say, "Look, we've got a day-to-day firefighting priority, and this is not as important, because it is a long-term investment." Coming back to Mr Bacon's point, how can central Government force them to do it in a practical way that will deliver? At the moment, some of them are not delivering.

The final part of my long question—forgive me, Chairman—is: is it about political buy-in? Do too many senior councillors say, "Well, these guys are on the fringes of society and, frankly, they don't vote for us. It doesn't really matter if we don't do it, because they will always be with us"? Is there a sort of cultural resistance to taking the bull by the horns?

Chair: Before you answer, let me just say that for figure 7, where you see the attachments, I was told in my brief that the worst performers were Lincolnshire, Brent and Buckinghamshire, which is interesting because they are a mixed bunch, and the best performers were Herefordshire, Bury, and Bath and North East Somerset.

Q131 Mr Jackson: So it is not as if it is just urban authorities in Lancashire. It is a mixture across England.

Louise Casey: Yes.

Q132 Mr Jackson: That was a very long question in three parts.

Louise Casey: Interestingly, they are connected. The first thing to say is that the cost calculator, or whatever we call it, will be an immensely practical tool that local authorities will be able to use now. We are hoping we will be able to get that up shortly.

Q133 Chair: The benefit—

Louise Casey: It will show that the benefit does not all come to them, so it is important that local authorities are able to work—it is a partnership thing, not that I like that word, but it genuinely is. The police will able to see the cost of a domestic violence incident or a case across the criminal justice system. We will be able to look at health and children's services.

Q134 Mr Jackson: The figures are enormous, aren't they? If we help three families in Manchester, that is £100,000, and for 30 families it is £1 million.

Louise Casey: That is why I am anxious to get this cost calculator right. I am the one at the moment who is saying that I want to see it for myself and make sure it is easy for local authorities and their partners to use, and that it will be robust enough. I spent the first six months with people showing me how much money they thought they were spending on these families in some sort of competition. I am not interested in that. It has to be real, and we have to be able to show what I think we will show: that money will go back to local government, or they will spend less money—let me put it that way. There will be savings for the police and on health, and therefore for the Treasury. That is what we think it will show, but we need to get it absolutely right.

The cost calculator is definitely on its way, and it will be enormously helpful to everyone because it will put out there transparently for this particular group of families—you can apply it to other groups as well—the sort of costs that are caught up and how, for the first time, it is quite radical. We will be able to see the way that works, in terms of public sector reform.

Q135 Meg Hillier: May I chip in on that? Will you be updating the values on the calculator? If the court system reformed itself, it might be cheaper in future.

Louise Casey: When people have better data, ideally they will work out their own costs. It is a tool to help them work out what their local costs are. For example, those in Greater Manchester might be different from those in Hackney. Do you see what I mean? It is quite sophisticated, which is partly why I obviously do not know as much about it as I probably should, sitting here. It is too sophisticated for me, but when it is less sophisticated and I can understand it, we will be able to put it out there, so that people can use it.

We are hoping that colleagues will be able to work out ways to save costs and make savings relevant to their own area. It is not a national thing; it is real locally. I think that will help them with the discussions they need to have about not walking away from the table and saying, "Sorry, Mr Police Officer and Mrs Health Service, you need to be part of this discussion, because I am saving you money, so I want your money now to help me carry on with this job."

What is interesting about it is that it takes you into the radical change in the way we work, and I do not think children's services can sit outside that debate any longer. We know that. I was in a shire where they told me about a family with four children in the household. One had already been removed and taken into care, the next was on a child protection plan, the next was called a child in need—there is a whole process around that—and the other had something called "team around the child", which seemed to be that he or she went to the school for an extra course. Each of those four children had their own social care team in a different bit of the authority. Before I start on the endless other organisations and agencies involved in the complications of those four children, there was the mum, with no one working effectively enough to change the way the mother was parenting, and domestic violence was a huge issue. By working with the mother over a period, we saw a step down, to use social services jargon, for the right reasons, such as safety in the household and more effective parenting. That is a good thing for the family, and it is a bloody good thing for the taxpayer.

Q136 Mr Jackson: Sorry to interrupt. In Peterborough we have been through the horrific process of a sexual grooming case, and I pay tribute to Cambridge constabulary and Peterborough children's services, which were fantastic. On this occasion Peterborough city council was very good. The point is that in a sense its issue is, "Protect these children. Look after these children", but—I hate the expression, but it is the only one I can use—they do not have the resources, or provision even, to think downstream about how you deal with the parenting. That is the challenge, isn't it?

Louise Casey: It is, but remember what a great programme we are trying to run here. We give people in Peterborough children's services the ability to use the money that we are giving them to do precisely that type of work. Instead of assessing the hell out of a family, because we are worried about statutory duties, we are able to have someone else work with the family to change them.

A case in the Wirral: a girl on domestic violence; children being taken away because she was not protecting them, because the bloke kept coming back; she is about to have her children removed, because she is not protecting them; and actually the family intervention worker worked alongside statutory children's services, who were rightly concerned about the safety of the children. Yes, she was under statutory children's services looking at her; the family intervention worker went in; man removed from household permanently and properly; and the rest, as they say, is history. The reason that this programme has such good traction with those in local government is that they can see that there is a bigger prize for them. They know that they are going to have to look at restructuring children's services.

The other thing that I wanted to say was that you have made a very important point, which is one of the best things about this programme: it has political buy-in from all political parties. All 152 local authorities signed up. I have had no bother whatever from any political side about trying to do this. Everyone believes, whether Labour Leeds, Conservative Westminster or somewhere else run by the Liberal Democrats down in Devon or wherever, that this is the right thing to do. That has really helped us. We do not have political infighting about this stuff locally or nationally.

Sir Bob Kerslake: It is worth saying that the difference in performance is not down necessarily to political leadership; it is down to where they started from. So some authorities had family intervention programmes already—

Q137 Chair: To be honest, looking at the bottom of the list, you would have thought Brent would have been doing this for years.

Mr Jackson: Given Brent's history.

Sir Bob Kerslake: Potentially, yes, but it is not down to type of authority, political control or anything.

Chair: Or Lincolnshire.

Q138 Mr Jackson: You might have misunderstood. I was not saying that some people for party political reasons set their face against the programme; I was more saying that irrespective of party, the senior leadership—

Sir Bob Kerslake: Is crucial.

Mr Jackson: The senior cabinet members, including the leader and deputy leader—not the case in Leeds, because the deputy leader is driving this—may think, "Well, it's a great programme, but it's not the top priority."

Sir Bob Kerslake: I appreciate your point. What I am saying is that sometimes political leadership is the reason, but sometimes it is where that authority is in terms of its data and programme.

Mr Jackson: That is a useful point. Thank you.

Q139 Austin Mitchell: I want to explore the evaluation service. I will tell you a little more—the DWP first of all. The highest performing contractor achieved 74% of the target for attachments in the first 21 months; the lowest performer was 7%. Can you explain these variations? Why is it that Yorkshire and Humberside, where my constituency is, gets a worse service than the east midlands, which are pretty contiguous, and a much worse service than the best performer of all, which was Greater Manchester? What causes the variations?

Robert Devereux: As I was trying to explain to Mr Jackson earlier, the table you are looking at in figure 9 is a table of the percentage of what we had hoped they would have attached for the programme that is actually attaching. This is a programme that is set up in the first instance for local authorities to refer people to these providers. If you have been all the way round in the conversation so far, it is local authorities who understand who these families are in the first instance, and you are getting rates of referrals from different authorities across the country. Figure 9 has more to do with the referral mechanism than the performance mechanism.

As I tried to explain, in figure 10 you are getting into what the actual providers are managing to do with the people that they have received. I was trying to tell you

two stories. One is that we are trying to raise referrals in the figure 9 sense. Secondly we are trying to use a yardstick that says, "Here is the sort of performance that you are getting across the piece, with good performers in individual cohorts—that is what I would expect you, provider A, B and C, to be achieving now."

Q140 Austin Mitchell: Look at the variations—Greater Manchester is so much more successful than anybody else, but everybody is below target. Does the fact that you have changed the targets from three measures of success to one and made it easier mean that you are going to reward failure?
Robert Devereux: No, I don't think that that is the case. Let us be careful. Each provider was required, as part of their bid, to work with local authorities to identify what sort of numbers of referrals they could plausibly expect to receive, and on that basis they did their business case. What I am observing here is that they have not had the extent of referrals that they were expecting. When that then turns up on a contract where people have already invested in staff, salaries and supply chains, we have taken one decision only, and that is simply to say that within the money that we would otherwise have paid at the point at which somebody had three progress measures, we have started to give people the ability to earn a third of that for one or for two measures along the way. Many of them are now getting towards three anyway, so we have affected the cash flow but we have not affected the overall cost.

Q141 Austin Mitchell: How are the failures going to be improved if the hurdles have been lowered?
Robert Devereux: As I have just tried to explain, I do not believe that we have materially lowered the hurdles. I have not changed the overall price of this thing; I have made it easier for them to get some cash with each progress point where previously I would have required them to get all three before they got any. The alternative at this point would be that if you have a big reduction in referrals, many of these providers' cash flows are very stretched. They could easily have financial considerations. We made a conscious choice to find a sensible reflection of the reduction in referrals that keeps the providers going but is not actually giving away anything that I do not think is appropriate.

Q142 Chair: We will come back to that, Austin. Mr Devereux, is your programme voluntary?
Robert Devereux: Yes.

Q143 Chair: Do any of the providers give any incentive for people to join the programme?
Robert Devereux: In a financial sense?

Q144 Chair: Or in kind. I have no idea; I am just asking.
Robert Devereux: Not that I am aware of. We have certainly not encouraged them to do that.
Tom McDonald: There is one other piece in the jigsaw that helps to explain levels of attachments, and perhaps the variations that we have seen. We set out in paragraph 3.4 that early on in the programme, when local authorities in some areas were thinking of referring, they did not have the confidence in the DWP-contracted providers in order to do so.

Q145 Chair: All I will say is that all three of our witnesses did not talk to the DWP. There is something wrong.
Robert Devereux: Sorry—who didn't talk to the DWP?

Q146 Chair: Our three witnesses. When I asked whether they were engaged with the DWP programme, they all said no, and it wasn't a placed question.
Robert Devereux: But you have just observed that, actually, Leeds is one of the places where I do have referrals being made by the authority, so I wonder whether the question that you asked and the answer you think you have heard are on the same point.
Chair: I just said, "What's your experience?"—I cannot remember exactly.
Louise Casey: I honestly think that at paragraph 3.4 the NAO have nailed this. I think that it is a combination of factors: local authorities lacked confidence in the providers and limited the referrals, but they also knew that we were coming along and were wondering what was going to happen. Simply to say that local authorities did not refer to ESF and that is why it is a problem does not completely hold water. However, to say that it is down to ESF providers does not hold water either. The NAO nails it in those four bullet points in paragraph 3.4, to be honest.
The learning, however, is that the join-up that Robert has talked about this afternoon, with his brilliant decision alongside Ministers to get us Jobcentre Plus people and put them in troubled families teams, means that we have actually overcome the issues around this. I do think that the 51,000 markers, as Robert refers to them in DWP language, show that there is a join-up. The point at which they did the 51,000 markers—admittedly of individuals, not families—is the point at which we are working with 62,000 families. So it is not perfect and there is probably fault on everybody's side, but we are now at a place where, as long as we can maintain the momentum on the Jobcentre Plus join-up with troubled families in local government, we are in a good place, Mr Mitchell.

Q147 Austin Mitchell: Moving on to you, why is the highest-performing local authority exceeding the number of attachments agreed by 177%, while the lowest-performing missed its target by 67%?
Louise Casey: The first thing to say is that, in terms of—
Austin Mitchell: Figure 7 shows that a lot of them are below 100%.
Louise Casey: At the end of March in the first year of the programme, when local authorities had not been operating the programme for a year, there were local authorities that hadn't started working with their full number. I think the shortfall was 13% at that point. That's right, isn't it? By June, we had only 840 families who should have been worked with but who weren't being worked with. They were supposed to

get 35%, which is 41,000 families, and they didn't quite make that figure by March, but they all caught up by June. In the scheme of things, honest to God, I think that that is okay. As we have gone forward with the scheme, as you can see with the October turnaround figures that are also in the NAO Report, we are starting to narrow that gap. They say—I don't know why you gave us this—that somehow we are overperforming on turning around. I think we are just where we should be, and I am quite happy with it. We also don't use the words "targets" and "attachment fees" with local authorities.

Q148 Austin Mitchell: What is the conversion rate from attachments to outcomes?
Louise Casey: We ask people to commence working with a family in the way I have talked about this afternoon, and over that time period they convert them into changing what is happening in the family. They might be a family who weren't getting their kids to school, whose kids were excluded or whatever, whose kids were caught up in crime or one of the other issues of worklessness. We expect local authorities to make a claim, and they have done it to the tune of 22,000 by October, which is in the NAO Report. We use language such as "working with" and "turning families around" because, as Sir Bob has said, the up-front money we are putting into local authorities for this doesn't really cover the full cost; it is an incentive and a driver. The money is important to local authorities, because they need to collect every bit of money they can get at the moment, but this is not a normal PBR scheme. We are not fully funding anybody to do anything; we are giving local authorities some extra money so that they can restructure services and try to change things. It is not like the other PBR schemes run by the rest of Government. It is very different.
Sir Bob Kerslake: Just to reinforce the point that I made to Mr Jackson, authorities started from different places. Some are playing catch-up, and we should recognise that.

Q149 Austin Mitchell: The programmes are finite and have an achievement date, or whatever it is. At the same time, things are improving. Crime and unemployment are falling anyway, and the Government are giving us a song and dance about getting growth up to 2%, which is staggering. There is always the possibility of continued cuts, so I wonder whether both programmes are going to be able to show sufficient success because it is very difficult to show sufficient success and sufficient value to continue, as I think they should. They are valuable programmes, but are they going to be able to demonstrate that value in the face of possible cuts later on?
Louise Casey: I think that is where the responsibility on us in the central team is to provide local colleagues with the cost calculator tool, which will very straightforwardly show the money into the families and the savings they make on those families. It is therefore value for money for them to continue to work in that way and to get what is needed. The simplicity of getting kids back to school and reducing crime is a difficult thing to do with families. I have made it sound easy this afternoon, but it is not; it is extremely difficult to do that with children with exceedingly low attendance rates compared with the national average, which includes people who just take two weeks to go skiing. We are dealing with families who are well away from that, and changing them is very hard. The message from yourself and other colleagues is that we have to nail getting the cost calculator right so that people are able to start showing with hard evidence that there are savings to be made that help people.
Sir Bob Kerslake: Clearly, a better jobs market helps the programme, but, frankly, many of those families have struggled to get into work in boom or recession. The deep underlying issues are not to do with the wider economy, they are to do with the experiences of those families, particularly, as we heard earlier, experiences around domestic violence.

Q150 Chris Heaton-Harris: First, to Louise Casey, thank you. I love you. You're brilliant. Every Department should have one of you.
Louise Casey: I don't think Bob necessarily thinks that every day.
Chris Heaton-Harris: I'm sure he does.
Sir Bob Kerslake: Of course I do.

Q151 Chris Heaton-Harris: It seems that you have broken down a number of barriers in the short time that the programme has been running. What is your next big barrier—the next big issue that you need to break down? After that I have a couple of questions for Mr Devereux.
Louise Casey: The biggest challenge that we face is doing this to scale and getting the type of system change that you need. I don't want this to be a project that people just manage the numbers on—do you see what I mean? It's a bit like when we set up family intervention projects. Joe and I—he is sat behind me—have worked together for a long time. We went round the country and set up 53 family intervention projects. They were boutique projects that were brilliant but they didn't change the mainstream. The learning for me is that we have to change the mainstream. We have to look at how we prevent people from ending up in a situation where they are badly behaved or are neglected when they arrive in school—how we stop them being excluded at 11 because we haven't dealt with the issue in the family. A cultural revolution is needed, around not just responding to your problems but looking at you and seeing what is happening completely, and how that then helps us go into public service transformation. That is my biggest challenge. What people normally do is start with the system, and start talking about things like public service transformation. The beauty in this programme is that it starts with what's happening in the families—why they cause the problems they have and why they have the problems they have. We work back from that in how we then tackle the system. That is a much more difficult thing to do than saying, "I tell you what, change your data sharing." That is hard, but much harder is working out, as Mr Jackson said, how you can come at

children's services in a different way so that you are not just constantly reacting to an ever-increasing demand.

That is the biggest challenge for the programme. Of course, we have to maintain cross-party high credibility for a programme that must survive regardless of what happens in politics, because we have to maintain this for the children. We can't lose another generation of children because we don't get this right—we just can't. Sorry, that's probably not the right thing to say to the PAC, but that is what I think.

Q152 Chris Heaton-Harris: Just following on from that slightly, in Northamptonshire, where I started, the children's services were failed by Ofsted, and it was in a very bad way. I raised it in the House because I was getting loads of casework that I really should not have been getting from parents who had issues with it. As it's at a low baseline, is that actually quite a good place to start? They are desperate to get it right—they have changed the whole management system around how they work and they are increasing the amount of money they put in. Are they going to be in a better position, we hope, going forward?

Louise Casey: Northamptonshire is one of those areas that was on my worry list—that is no surprise between the chief executive and myself—partly because you have to hold your nerve when an area like that is saying, "You know what, Louise? We may not get you your numbers in July or October, because we want to do a wholesale reform in a different way." You have to trust them on it. Now they are projecting a much stronger position in terms of their numbers, as we are now in the new year. You have to trust that, don't you? You have to respect the chief executive and respect what the children's services people are saying, and hold your nerve.

At the time, their turned-round position in October was really poor. That is the bottom line. They know I think that, and they have spent time reassuring both myself and my team. What they do is that people locally take us through what is going on. We have a huge amount of information and understanding about where they are—for example, whether they have Ofsted in. All sorts of things happen in local authorities. There are serious case reviews, as Stewart said—things go on. As long as we know what is going on, and as long as we understand and trust the restructuring they are doing—and that is what Northamptonshire is doing—I am happy. As long as at some point I know that the kids in Northamptonshire aren't going to stay in families that we are leaving dysfunctional because we are all sitting around in partnership meetings or committee meetings, that's fine.

Time waits for no man. Every year that we are all restructuring or thinking about things, a child's life is not improving. There is always going to be a tension with somebody like me about pushing on with change. I respect how Northamptonshire have gone about doing it, I was very reassured by the chief executive and I am looking at strong numbers in terms of their turned-around figures now in February and March.

Q153 Chris Heaton-Harris: This shows what leadership, and a shock to leadership, can do. It is still the same people delivering the same service with a tiny bit more money, but with a programme and a plan of massive improvement. It has been eye-opening for those of us who have been watching it from the outside.

Mr Devereux, the Jobcentre regional guy was Rob Cooper. I forgot to say his surname. He is worthy of note because he has really worked hard on bringing my one-stop shop together in Daventry. Because that is working so well, I am über-confident about some of the things you are saying about joint working going forward. My question comes back to the European social fund money. It is not necessarily about troubled families, but I am not so sure that you can reassign money like that so easily. First, for every five quid we put in, we get two quid out, so we are getting less value from it straight away because it has gone through that process. Secondly, are you absolutely sure that you can reassign money that easily from the ESF?

Robert Devereux: Don't make it sound as if, having explained where the money has gone, I simply woke up one morning and switched it around. We have gone very cautiously in everything to do with the European social fund, because as you probably know, at the end of the day whether these funds have been well applied is not a matter for Amyas or for me; it is a matter for their auditors, and they can take the entire money back again. I can assure you that we are seriously risk averse in making decisions about ESF funding that we do not think will stand up. We have gone through it and we believe that these are all things that we are capable of doing. If you think about what I read out—people from the Work programme, people who are NEET and so on—we are in the same sort of territory. We are trying to promote employability.

Q154 Chris Heaton-Harris: But did you talk to them about it? I am very wary about this, because in a different field we had to pay back huge chunks—hundreds of millions of pounds—of regional funding because we sprayed money around after BSE, I think, or something like that. I am really wary of the process. Did you engage with the European Commission?

Robert Devereux: As I understand it, we have done that.

Chair: You had better write and confirm that to us.

Chris Heaton-Harris: And a bit about the process as well, if that is at all possible.

Robert Devereux: Sure.

Q155 Mr Bacon: Just two questions, one for Louise Casey and one for Sir Bob. You mentioned that Northampton was on your worry list. Has Norfolk been on your worry list? It was the ninth-highest recipient when it started. The director of children's services has gone, and we now have an interim one—a very good one, I might add, whom I have met several times—who is beginning to make a difference through leadership in the way that Chris was describing. We have an interim chief executive, we have an interim finance director and we have interim transportation and planning. When the scheme was

launched, the local paper referred to Norfolk as being the ninth-highest recipient, which also meant, as the paper pointed out, that it had the ninth-biggest number of troubled families.

Louise Casey: Norfolk remains on my worry list, and it will stay there until it improves. It is going through all those changes, etcetera etcetera, but I am worried about Norfolk and I am not going to sit here and say it is all great—it isn't. We get reassurances, but they know that I am coming to see them. They know why I am coming to see them and they know that I will help them try to work out what they can do to make sure that they are able to use this programme to the best of their ability. To say that I am not concerned about them would be to lie to you.

Q156 Mr Bacon: I have had cases in my constituency surgery that I perhaps ought not to have had. I might add, just for the record, that the new interim director for children's services seems to regard information from MPs' surgery cases as helpful.

Louise Casey: Sheila Lock?

Mr Bacon: Yes.

Louise Casey: She seems like a breath of fresh air, I must say.

Q157 Mr Bacon: She is a breath of fresh air. She seems to regard information from surgery cases as a helpful indication of what is really going on on the ground, which I can tell you is a huge breath of fresh air. I am interested to know that that is on your radar. It is probable that we should talk offline and that you might want to co-operate further with Norfolk MPs generally, because we are all very concerned about the position at the county.

Louise Casey: I think, just to reassure you, that apart from the fact she seems like a breath of fresh air and I have some faith that we will make some progress, once you get the right leader you can move mountains pretty quickly. That is what is so interesting about this programme. I have had other areas that I have worried about, and it is about making them realise that it is a top priority for them because it can help them in a wider way, trying to remind them why we do this—because none of us wants kids growing up in these families—or persuading them on the finance argument. If you get a good leader—and it has to be the chief executive or someone equally senior—things can move really quickly. Once we have unlocked the door in Norfolk—and I think Sheila Lock might be our way to do that—we will move quite quickly.

Q158 Mr Bacon: The appropriately named Sheila Lock.

Louise Casey: She can unlock.

Q159 Mr Bacon: Thank you, that is quite reassuring. Sir Bob, the first recommendation in the NAO Report, paragraph 17, is, "The programmes to help families have demonstrated again the need for policy making, programme design and implementation to be more joined-up."

That sentence could apply to any area of Government. Although the Report says it is early days and too soon fully to judge value for money, there are some almost worryingly encouraging signs that people are starting to talk to each other in the way one would hope. The reason it is not getting any problems with political buy-in is that people have been looking for this sort of thing for decades. Finally, the different parts of Government appear to be talking to each other. You mentioned that there are six Departments involved here. My question is: in a hit list where would be the other top areas where you think Government could learn from this type of approach and do more joined-up Government?

Sir Bob Kerslake: There's an opportunity. Let me give you two that I think are very important. The first is what we are doing around health and care. Many of the same issues occur about multiple agencies not getting to the heart of the issue for an individual. I think we can learn a lot in what we are doing through what we call the better care fund. That fund has very similar principles that are emerging: potentially attack initial sums that go to local authorities, payment by results and so on. A lot of learning about how we take forward the better care fund is one example.

The second is what we are doing in relation to local growth. Through the creation of the new single local growth fund we now have—though not without birth pains—a single local growth team that straddles CLG, BIS and the Cabinet Office cities team. Those are two examples where we have learned a lot from troubled families. Crucially, what we have learned is just how much more you can achieve if you force the issues of integration and joining up.

Q160 Chair: I have two points on that. One is that the interesting thing about this programme is that it is delivered locally, leaving quite a lot of discretion, but it is driven centrally.

Sir Bob Kerslake: That is right.

Q161 Chair: Given how often you sit in front of us and say it is all local with local discretion, it needs a strong drive from the centre, accepting that things will be different in Norfolk and Barking.

Sir Bob Kerslake: The same would be true of the better care fund and the health and care integration.

Q162 Chair: You might save a lot of pressure, where you have actually just shoved it out.

Sir Bob Kerslake: We have used a phrase and people have different reactions to it: muscular localism.

Q163 Chair: Muscular localism is quite nice. It would be interesting to reflect on that. We might do that as a Committee. The final thing is that you obviously have support for the endeavour and purpose of this, but where we are still nervous as a value-for-money Committee is how you will measure success. I hear that you are doing the evaluation. I wonder whether you could write to us straight after this Committee, or when you could, setting how quite clearly how you think you will measure success. We can then hold you to account in relation to that.

Sir Bob Kerslake: We are happy to do that. There is a combination of outputs—measuring success around the 120 turned around—and outcomes, and the evaluation will help a lot with that.

Q164 Chair: When is the evaluation due?
Louise Casey: We will probably get our first set of information towards the end of this financial year and the beginning of the next. That will give us a lot of information about who the families are and their range and set of problems. The thing I take from this afternoon is that we need to speed up slightly the work on the costs aspects.

Q165 Chair: We need an outcomes framework to test the value for money.
Sir Bob Kerslake: We'll send you a note.

Q166 Chair: Robert, did you want to say something about that?
Robert Devereux: I would add, just to get your expectations straight, there must be two quite different sorts of costs that this programme will save. There are marginal costs. If I don't need as many social workers that makes a saving. Then I have the entire cost of the court estate. In due course, if there are fewer people going through it, one day I might close a court. Those are radically different sorts of numbers with really different time horizons. You should expect us to be much better at the first because that is the immediately cashable saving. You should check that we are not adding in the second one as well because, good as it is, it has a different time horizon. You have only got to see some of the interventions that we are making to make me believe that we will get over the line on the first.

Q167 Mr Bacon: You can always merge a court with a Jobcentre, then people could go straight from the magistrate into a job.
Louise Casey: Somewhere like Leeds is absolutely clear that one reason for doing this programme is to reduce the number of children for whom it currently spends £15,000 a week in residential care. Even in places like Birmingham, for all its difficulties, the leadership does not want the level of children being excluded at the moment into pupil referral units. I accept that we have to prove to you how we measure that, and how we get that right. We are in the business of high numbers of families, very high expectations and a cultural radical revolution in the way we think about spend and how we go about dealing with these families.

Q168 Ian Swales: We do not necessarily need capital-type issues like you are speaking about, but the unit costs of going through a court or into prison, that kind of thing.
Sir Bob Kerslake: We will do the best analysis we can. I would say that most local authorities recognise that this form of reform is the way they are going to manage budgets and be sustainable in the longer term. It is the only game in town.
Chair: Good. Thank you very much indeed.

Written evidence from Family Action

Thank you for your email of 3rd February, see below for my response covering both Questions 64 and 65 below in relation to the wearing by police of head cameras and prosecution.

The feedback from some of our services who work with victims of domestic violence is that they were not aware of the use of head cameras in relation to their clients, but a couple are aware of an increase in the use of head or body cameras by the police when attending critical incidents. Regarding the issue of prosecution, our experience is that some of the victims of domestic violence that we work with find the possible consequences of pursing prosecution to be a frightening barrier.

David Holmes CBE
Chief Executive

6 February 2014

Written evidence from the Department for Communities and Local Government

I am writing to follow up on points raised with Sir Bob and me, when we appeared before your committee last month. I wanted first though, to thank you and other committee members for a very helpful discussion—it was both challenging and constructive. We completely agree that we need to establish very clearly the value for money provided by this programme. That was one of the reasons that very early in the life of the Troubled Families Programme, we decided to commission a three-year national evaluation.

The evaluation will demonstrate not just how the programme has changed the lives of families and the services around them, but how value for money has been achieved. A part of that, a ground breaking cost calculator is being developed, which will be a tool to help local authorities and their partners establish the costs and benefits of this Programme, to show how they are reducing their reactive spend on these families by working with them in a different way and to whom the cost savings accrue.

You asked me at the meeting to send you some details about how the evaluation of the Programme will measure success and I attach a note on that at Annex A.

I will follow up with committee members separately on the queries that were raised about the operation of the Troubled Families Programme in their own constituencies.

Louise Casey

10 February 2014

Annex A

THE TROUBLED FAMILIES PROGRAMME: MEASURING SUCCESS

BACKGROUND

The Government is working with 152 upper-tier local authorities and their partners to help turn around the lives of 120,000 troubled families in England by 2015. Local authorities are incentivised through a payment by results scheme, which allows them to claim up to £4,000 per family they have turned around based on:

- Getting children back in to school.
- Reducing youth crime and anti-social behaviour.
- Getting adults in to continuous employment.

The Department for Communities and Local Government collects information on how many families for which local authorities have claimed "results " payments. However, the performance data gathered for the payment by results scheme is only one aspect of measuring the success of the Programme. We are also determining its effectiveness through a three year national evaluation which will demonstrate impact and measure value for money.

EVALUATION

The National Evaluation of the Troubled Families Programme is being carried out by a consortium led by Ecorys UK, in partnership with Ipsos MORI, Bryson Purdon Social Research; the National Institute of Economic and Social Research; the Thomas Coram Research Unit (TCRU) at the Institute for Education, and Clarissa White Research.

The evaluation includes a range of activities to draw together a fuller analysis of the programme's impact. These methods include:

- A quantitative survey of 1,000 families led by Ipsos MORI, which will compare families who have been through the Programme with those who have not yet been through it. It includes questions on health, mental health, drugs, alcohol, debt and family relationships as well as their experience of the Troubled Families Programme.
- Analysis of local authority data on at least 10% of the families who enter the Troubled Families Programme, looking at their profile information, the problems they start with and how those problems are reduced during the programme.
- In-depth work in at least 20 case study areas, to understand how they have developed and delivered the Programme locally and how the programme has incentivised and driven public service transformation.
- Qualitative interviews with at least 20 families during and after they have received support, looking in depth at how their lives have changed and their experience of public services.
- A national cost benefit analysis of the Programme, including a costs savings calculator available to all local authorities to estimate savings in their own area.

The evaluation is due to run until Autumn 2015. Following a scoping and feasibility phase, the main qualitative and quantitative fieldwork is currently underway.

Written evidence from Leeds City Council

Following my evidence at to the Public Accounts Committee on Wednesday 29 January 2014, I am providing a written response to 3 questions.

- **Q27 Nick Smith**: Can I come back on my second question? I really would like to see that data. I want to know what success you have in getting youngsters into school.

  Due to the nature of the criteria that makes up a Troubled Family, not all children in all the families we work with will necessarily have educational issues. For example in a family with three children, two children may attend school regularly and one child may be persistently absent.

  However in order to claim payment by results and consider families "turned around"

  We must satisfy ourselves that all children in the families we work with have achieved fewer than 15% unauthorised absences.

The best way I can assist the Committee is by providing a snapshot utilising the most recent available data. In this snapshot there were a total of 276 children who met this criteria by having unauthorised absence which has now dropped below 15%.

These children had an average unauthorised attendance rate of 3.9% over the last academic year. The same 276 children in the academic term immediately preceding this had an average unauthorised attendance rate of 7%.

I hope this assists to give the committee a better understanding of progress made by the troubled families programme in reducing absence and getting children to return to school.

— **Q29 Chair**: I want to move us on, but can I quickly ask what proportion of your families have children on the at-risk register?

To assist the Committee we have taken, as an indicative snapshot, our "Year 2" cohort of 800 troubled families.

Of these 800 families, 24 families have been identified as having a child subject to a child protection plan in this cohort and this equates to 3% of the families we are working with.

Of these 800 families, 92 families have been identified as having a child in need this equates to 12% of families we are working with.

— **Q31 Chair**: What proportion of your families would you classify as having children in poverty?

We do not readily hold data on family incomes so are not able to categorically state what proportion of families that we are working with have children in poverty.

Our analysis across our Year 1 and Year 2 cohorts demonstrate that 89% of all families that we have worked with were in receipt of work related benefits at the start of our intervention. Additionally the largest numbers of families that we work with live in the most deprived wards of Leeds.

Jim Hopkinson
Head of Targeted Services

11 February 2014

Written evidence from Liverpool City Council

The City Council maintains a General Reserve (Working Balance) to provide resilience against financial uncertainty, this is of particular importance in the current climate of significantly reduced funding levels and the reforms introduced to Local Government finance that have seen a transfer of risk from central government to local government. In the event that reserves are used to support the Council's budget position, they will only be able to be used on a one off basis and can not provide a permanent budget solution to the financial challenge faced as the reserve is finite. The budgeted level of the General Reserve is £24.8 million for 2013–14 which represents approximately 5% of the City Council's 2013–14 net revenue budget. The City Council will maintain Working Balance of £24.8 million for the years 2014–15 and 2015–16 and then will reduce them to £17.6 million in 2016–17 (4.5% of net budget) as they are used to support the budget position in that year. If the City Council were to spend its general reserves to fund general fund services the money would run out in just over two2 weeks.

In addition the City Council has earmarked reserves as set out in Table 1; a brief description of each category of earmarked reserve is set out below:

— The City Council is obliged to maintain a number of Legally **Restricted Reserves**; these are sums of money that the City Council is required to set aside for legally defined purposes (eg the Dedicated Schools Grant is ring-fenced and can only be used as defined in the Schools Finance (England) Regulations).

— The City Council has reserves in relation to its two **PFI schemes**. The reserves have been established to enable the amount of unspent PFI grant received in the year to be carried forward to be spent in future years.

— The City Council maintains a corporate risk register. To manage the financial implication of these risks the Council has prudently established a number of earmarked **Risk Reserves** to mitigate the anticipated impact on the budget and future years service delivery. The risk reserves include amounts set aside to meet any grant claw back; as it has received in excess of £300 million of external investment over a number of years from European and National Government. The majority of this external funding is subject to 20 year claw back provisions from date of project completions. Therefore in the event of assets being sold, used for alternative purposes not covered by grant or moving towards more commercial uses a proportion of this funding may be recovered from these awarding bodies. Other risk reserves include self insurance reserves held for schools (£5.9 million), a restructure fund (£12.5 million), legal claims (£10.5 million) including tripping claims, and provision for large scale emergencies (£3 million) including the Belwin Scheme.

— **Specific Scheme Reserves** have been established to enable the City Council to prudently manage its finances and relate mainly to expenditure and funding commitments that have been re-phased from 2012–13 into 2013–14 and future years. Some projects do not neatly fit into financial years and funding is required to be transferred from one year to another to complete projects and deliver service outcomes. In recent years there have been significant joint contributions set aside (currently £15 million for projects in 2014–15 and future years)) between the City Council and the Health sector to fund joint funded projects and initiatives. This is considered best practice by the Government which has been recognized through the establishment of the Better Care Fund.

— The **Grants Reserve** is required to be held due to a change in accounting treatment required by the introduction of IFRS. The grants reserve represents revenue grant income that has been received with no "condition" (ie does not have to be repaid to the "grantor") but where the related expenditure has not yet been incurred and includes grants such as the Troubled Families Grant £2 million) where the City Council acts as the accountable body.

— The **Schools Balances** are not available for the City Council's general use and are not included.

The table below forecasts how the current earmarked reserves will be drawn down and utilised to support the budget position over the three year budget period 2014–15 to 2016–17. It is forecast that the current level of earmarked reserves will be £37.0 million by 2016–17 compared to £111.8 million in 2012–13 a reduction of £74.8 million.

Table 1

CURRENT EARMARKED RESERVES—ESTIMATED BALANCE AT THE YEAR END

	2012–13 £m	*2013–14* £m	*2014–15* £m	*2015–16* £m	*2016–17* £m	*%age of net spend* %
Legally Restricted	2.558	2.149	1.941	1.728	1.504	0.38
PFI Reserves	4.694	3.196	3.049	4.245	4.076	1.74
Risks	65.005	63.373	67.130	49.623	26.560	2.18
Specific Schemes	36.545	23.096	9.628	4.891	4.893	1.25
Grants	2.978	6.759	1.966	0	0	0
Total Reserves	111.780	98.573	83.714	60.487	37,033	

The £37.0 million remaining as at the 31st March 2017 primarily relates to specific risk reserves for grant claw back, insurance and specific legal claims were it is not possible with certainty to predict in what year these reserves will be utilised and so are held on the balance sheet until required. An analysis of the forecast £37.0 million earmarked reserves as at 31st March 2017 is shown in Table 2.

Table 2

FORECAST EARMARKED RESERVES AS AT 31ST MARCH 2017

	£m
Legally Restricted Reserves	1.504
PFI Reserves	4.076
Schools Self Insurance Reserve	5.880
Self Insurance Property and Motor	2.023
Grant Clawback	10.379
Legal Claims	6.003
Emergency Reserve (including Belwin)	3.071
Pension Reserve	769
Winter Maintenance Reserve	491
Dilapidations	1.400
Other Risk Reserves	1.437
TOTAL	**37.033**

Colette O'Brien

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